FINANCIAL TIMES

Europe's Business Newspaper THURSDAY APRIL 15 1993

House of Fraser sells Sears stake for $90m loss

House of Fraser, the UK department stores group owned by the Fayed brothers, has sold its 10.6 per cent stake in the Sears retailing group for a book loss of about £60m ($90.6m). Suggestions from analysts that the sale indicated the group, whose chairman is Mohamed Fayed (left), was in financial difficulties were "entirely untrue", said Michael Cole, a House of Fraser director. Page 17; Lex, Page 16

VAT may fund US health reforms: A value added tax is being considered as one way of financing the Clinton administration's plans for health-care reform, a senior official said. Page 6

Peace plan threat: Bosnia's Moslem-led government warned it would withdraw support for the international peace plan if the besieged town of Srebrenica was captured by Serb forces. Page 16; Guns and butter on road to Tuzla, Page 2; Editorial Comment, Page 15

Car sales slide: New car sales in west Europe fell to 1.18m from 1.3m in the same month a year earlier. Demand showed a steep drop for the third month in succession. Page 2

Mideast talks: Arab delegations to the Middle East peace talks will wait until Saturday before deciding whether to attend the next round of negotiations due in Washington on Tuesday. Page 4

Tokyo cautious on upturn: The Japanese economy will start to recover only gradually towards the end of 1993, in spite of the government's Y13,200bn ($114.8bn) emergency spending programme announced this week, Bank of Japan governor Yasushi Mieno cautioned. Page 4

Hong Kong shares climb: The Hang Seng index surged 371.53 points to a record high of 6,789.74 after the announcement of a date for Sino-British talks on Hong Kong. Page 4; Lex, Page 16; World stocks, Page 36

German jobs warning: Up to 100,000 workers could lose their jobs in eastern Germany if IG Metall, Germany's engineering union, calls a strike in support of large pay increases, the German employers' association leader warned. Page 2

Pakistan PM told to end crisis: Pakistani president Ghulam Ishaq Khan told prime minister Nawaz Sharif to end a crisis that threatens his government. Page 4

Veba boss dies in Tyrol: Klaus Piltz, chairman of Veba, Germany's fourth-largest industrial group, was killed by an avalanche on Easter Monday while skiing in the Austrian Tyrol. Page 2

Moscow treason trial starts: Twelve former Soviet and Communist party leaders went on trial in Moscow charged with high treason for organising an abortive coup in 1991. Page 3

Khmer pull-out sparks fears: The withdrawal of Khmer Rouge officials from the Cambodian capital has raised fears that the guerrilla group will step up attacks across Cambodia ahead of next month's UN-sponsored elections. Page 4

Royal Trustco, crippled financial services group controlled by Toronto's Bronfman family and facing takeover by Royal Bank of Canada, reported a record net loss in 1992 of C$852m (US$676m). Page 19

Interagra, French farming products business which was a leading supplier of grain and food to eastern Europe during the cold war, filed for bankruptcy protection. The Paris Commercial Court will rule next Tuesday. Page 16

Digital Equipment, second-largest US computer company, reported larger than expected net losses of $30.1m, for the third fiscal quarter. But higher revenues and declining costs were pointers to recovery. Page 17

Lyonnaise des Eaux-Dumez, one of France's largest industrial groups, reported net profits of FFr379m ($69.4m) last year, sharply down on the 1991 figure of FFr1.17bn. Page 17

Adams seeks US visa: Gerry Adams, president of Sinn Fein, the IRA's political wing, has applied for a visa to visit the US. He says he is optimistic the Clinton administration will grant him one.

■ STOCK MARKET INDICES

FT-SE 100:	2842.1	(-4.7)
Yield	4.01	
FT-SE Eurotrack 100	1160.63	(+3.09)
FT-A All-Share	1393.49	(-0.2%)
Nikkei	20,533.38	(-206.91)
New York: lunchtime		
Dow Jones Ind Ave	3457.00	(+12.97)
S&P Composite	448.84	(-0.38)

■ US LUNCHTIME RATES

Federal Funds:	3¼%
3-mo Treas Bills: Yld	2.869%
Long Bond	104½
Yield	6.769%

■ LONDON MONEY

3-mo Interbank	6%	(5 31/32%)
Liffe long gilt future:	Jun 106 7/16	(Jun 107 1/2)

■ NORTH SEA OIL (Argus)

Brent 15-day (May)	$18.945	(18.99)

■ Gold

New York Comex Jun	$340.8	(338.8)
London	$339.2	(336.55)

■ STERLING

New York lunchtime:		
$	1.552	
London:		
$	1.5525	(1.559)
DM	2.47	(2.4825)
FFr	8.3475	(8.325)
SFr	2.26	(2.2525)
Y	177.0	(176.75)
£ Index	80.8	(80.7)

■ DOLLAR

New York lunchtime:		
DM	1.59265	
FFr	5.385	
SFr	1.45805	
Y	113.845	
London:		
DM	1.5915	(1.579)
FFr	5.3775	(5.34)
SFr	1.458	(1.445)
Y	113.95	(113.35)
$ Index	64.4	(64.2)

Tokyo close Y 113.47

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00		
Bahrain	Din1.250	Hungary	Ft172	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10		
Bulgaria	Lv35.00	India	Rs40	Neth	Fl 3.75	Slovak Rp	KSL45		
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira30	Spain	Pta200		
Czech Rp	Kcs45	Israel	Shk5.90	Norway	NKr16.00	Switz	SFr3.20		
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Syria	S£50.00		
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Thailand	Bht50		
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Tunisia	Din1.250		
France	FFr8.50	Kuwait	Fils.600	Poland	Zl 22,000	Turkey	L7000		
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es215	UAE	Dh11.00		

Britain will call for curbs on EBRD spending

By Charles Leadbeater in Tokyo, Robert Peston in London and Andrew Hill in Brussels

THE BRITISH government will next week press for tighter controls of spending by the European Bank for Reconstruction and Development following disclosure that it had spent more than £200m ($302m) on overheads and equipping its building in the past two years.

Mr Norman Lamont, the chancellor of the exchequer, said yesterday he had become so concerned at the level of spending by the EBRD that the government had frequently called for greater efficiency and economy in the way the bank is run.

The call for tighter budgetary controls will come at the EBRD's annual meeting next week and follows disclosures in the Financial Times that the EBRD has spent £55.5m equipping its London headquarters, £600,000 hiring private jets and £52,000 on a Christmas party.

Mr Lamont, who represents Britain on the board of governors and is in Tokyo for the emergency meeting of G7 finance and foreign ministers on aid to Russia, said he would make sure the government's concerns about efficiency would be fully considered at next week's annual meeting of governors.

The EBRD governors are typically the finance ministers of the banks' shareholders, who are the 53 western and East European countries, the European community and the European Investment Bank.

Mr Lamont said several of the bank's 23 governors, meeting informally, have voiced concerns about the EBRD's spending in the two years since it was set up.

He indicated the concerns were mainly about salary levels as well as issues such as the use of private jets to ferry Mr Jacques Attali, the bank's president and founder to meetings.

Mr Pierre Pissaloux, the bank's executive director in charge of the budget, said the bank had become aware that spending on the jets was "sensitive". He introduced a new system for hiring jets "a few months ago" by which the bank asks for tenders from three charter companies.

All executives except Mr Attali and the senior vice president Mr Ron Freeman were also told a month ago they had to fly economy class.

It also emerged that the bank's 23 directors, who are civil servant representatives of the shareholders, are pressing for greater control over the bank's budget-making process. "There is a lack of transparency and accountability," a UK official said. "A specific budget committee should perhaps be set up".

Mr Pissaloux said: "We are very anxious to respond to requests for any additional information [from directors]".

Founder European Community shareholders of the EBRD are also expected to use next week's annual meeting of the bank to quiz Mr Jacques Attali, EBRD president, about its spending record.

But officials from the European Commission and European Investment Bank, which together hold 6 per cent of the EBRD's shares, said yesterday they were sympathetic to the difficulties of funding projects in the economic chaos of the old Communist eastern bloc.

Mr Lamont said : "Britain is at the forefront of those calling for economy and efficiency. Sometimes we are in a minority. But we will continue to make those calls and we will make sure those points are considered next week."

Mr Lamont said the bank was playing a vital role in the reconstruction of eastern Europe but was only just starting to build up its business.

US launches $4bn fund to aid Russian privatisation

By Robert Thomson and Charles Leadbeater in Tokyo

THE US tried to assert its leadership of international efforts to bolster Russian reforms yesterday in launching a $4bn multilateral fund to promote privatisation.

The Clinton administration announced the proposal at the opening of a two-day emergency meeting in Tokyo of the Group of Seven leading industrialised countries, convened to help strengthen the position of President Boris Yeltsin, the embattled Russian leader.

Mr Andrei Kozyrev, the Russian foreign minister, who will attend the talks today, delivered a warning that the world might "slide back to cold war" without continued western financial assistance to promote reform.

The US proposal is aimed at easing the privatisation of large state enterprises, which are the most difficult to privatise.

Mr Lloyd Bentsen, the US Treasury secretary, said the scheme would free Russia's central bank of some of the burden of converting the huge oil, gas and other leading industries to private control, save thousands of jobs and reduce inflation caused by the bank's issuing of easy credits to state industries. Mr Bentsen and Mr Warren Christopher, US secretary of state, said the US would provide $500m for the scheme if other G7 countries provided a total $1.5bn. The rest would come from international institutions such as the World Bank and the International Monetary Fund.

However, German officials indicated that further large pledges of money were unlikely, as it had already contributed huge sums to Russian reform. And a senior Japanese official said: "We have already made our best efforts and we do not expect to be asked for further money."

Mr Norman Lamont, Britain's chancellor of the exchequer, said that although the UK agreed with the emphasis on privatisation, "all G7 members would want to consider further how best to pursue that aim". Canadian officials said the proposal would require more study, while the Italians emphasised that the privatisation plan was still a US idea.

Details of the plan will be developed during this morning's closing session, which will be attended by the Russian representatives Mr Kozyrev and Mr Boris Fyodorov, the deputy prime minister. The G7 meeting is expected to approve a package worth about $30bn, most of which will be debt relief and credit extensions from the IMF that have already been agreed.

Several countries announced new country-to-country assistance yesterday. Japan confirmed that it was offering $1.8bn in bilateral assistance, mainly trade credits.

The UK said it would provide an additional £383m ($578m), while the US said its contribution to the privatisation fund would be drawn from a $1.8bn package, details of which are due to be announced today.

Germany, France and Canada said they would not add to existing bilateral aid. Some ministers

Continued on Page 16

Details, Page 3

Six die and 250 are injured in South African rioting

Police fire on crowds in Soweto protest gathering

By Patti Waldmeir in Soweto

IT WAS the largest and most peaceful demonstration I had ever seen in Soweto – until the shooting started.

Without warning and without apparent provocation, police guarding the main gate of the police station opened fire on demonstrators protesting at the assassination of prominent black activist Chris Hani.

Four people were killed and 250 injured by police firing birdshot, buckshot and rubber bullets.

At least six people died across the country during a day which saw one of the largest political protests in South African history, marked by rioting in Cape Town, Port Elizabeth, Pietermaritzburg and Durban.

In Soweto, the black township where violence had erupted in 1976, a huge crowd of angry but disciplined blacks surrounded the heavily fortified station.

The mostly young, black and white police force besieged inside appeared to lose their nerve; shooting spread down the line guarding the station's barbed wire perimeter fence. The crowd fled in terror.

Thousands of people, scores of them covered with blood, surged forward.

I took refuge in a car as rocks and teargas cannisters flew in the confusion. Colleagues and I helped to lift a young man, his shirt front soaked with blood, into the car. Another injured man fought his way inside; many more people tried to crowd in too. We could not help them.

We raced through the streets of Soweto to deliver our injured to Baragwanath Hospital where 250 people lay injured on stretchers in the car park outside the crowded examination rooms.

The young man moaned in pain, clutching a blood-soaked rag to his head.

Sixteen years ago Sowetan youths took to the streets in an uprising that, in many respects, marked the start of the South African rebellion. The fearsome prospect of impatient angry youngsters going on the rampage, out of control of the African national Congress marshals, seemed to carry the danger of South Africa slipping into ungovernability.

It raised the prospect of confrontation with police, unable to contain their own fear, or to allow the demonstrators to disperse peacefully, which they had already begun to do when the shooting started.

Earlier a young "comrade" from the South African Communist party had celebrated the order and discipline shown by the huge crowd milling outside the station. "This is marvellous, fantastic, unbelievable," he said.

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Six dead in riots, Page 16

South African protesters gather in the streets of Cape Town before yesterday's violence erupted

Andreotti immunity inquiry told of Mafia killings link

By Haig Simonian in Milan

MR Giulio Andreotti, seven times prime minister of Italy, yesterday began what could be the toughest battle of his long political career as hearings began into lifting his parliamentary immunity.

The senate hearings opened amid explosive new allegations of collusion by Mr Andreotti, now a Christian Democrat life senator, with the Mafia. Implicit in the allegations is that he was involved in two political assassinations.

New testimony from Mafia informants, revealed by the senate yesterday, includes details of three alleged meetings between Mr Andreotti and senior Mafia figures in the 1970s. The informants also allege that two assassinations attributed to the Mafia were carried out on political instructions from Mr Andreotti.

The murder in 1979 of Mr Mino Pecorelli a rightwing journalist with links to the secret services, and that of General Carlo Alberto Dalla Chiesa in 1982, the senior Mafia-fighter sent to Palermo, allegedly took place because both were privy to sensitive information regarding the earlier kidnap and assassination of former prime minister Aldo Moro.

The request to lift the immunity of Mr Andreotti was made last month by Palermo magistrates investigating organised crime. This week, the magistrates supplied additional information to support their request after new interrogations of Mr Tommaso Buscetta and Mr Francesco Marino Mannola, the two Mafia informants now under protection in the US.

The two collaborators, who had until recently refused to talk about links between politicians and organised crime, also claimed that Mr Salvatore Lima, the senior Christian Democrat politician in Sicily and member of the European parliament, liaised with the Mafia on behalf of the Christian Democrats.

Mr Lima, murdered in March 1992, was a close friend of Mr Andreotti and his main aide in Sicily. It has long been rumoured that his assassination was to show the Mafia's displeasure with the growing unwillingness of senior politicians in Rome to comply with its wishes.

Mr Giovanni Pellegrino, chairman of the senate committee, reacted cautiously to reports that the new testimony could require the reopening of investigations

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CONTENTS

West German GDP could fall by 1.5%

By Ariane Genillard in Bonn

WEST Germany's GDP could fall by 1.5 per cent in 1993 because of the continuing international recession, a relatively strong D-Mark and persistent high domestic costs, the Cologne-based Institute for German Economy (IW) said yesterday.

The report said the current recession could only be overcome if prospects for investment and profits improved and the Bundesbank obtained more room for lowering interest rates. But it warned that unless domestic costs and price pressure are dampened, economic recovery would not begin in 1993.

The report came out as figures released by the federal statistics office showed West Germany's wholesale prices in March increasing by 0.2 per cent against the previous month.

This follows a similar rise in February and a 0.7 per cent increase in January.

In mid-March, West Germany's consumer prices were 0.3 per cent higher than in mid-February, bringing the inflation rate to 4.2 per cent.

In east Germany, consumer prices rose in mid-March by 0.2 per cent to 8.8 per cent.

In its yearly spring report, the IW said investment in machinery and equipment will fall by 9 per cent in 1993. Only the construction sector shows an upward trend, increasing by another 1 per cent this year.

The gloomy forecast was partially offset by brighter prospects in the east where an "autonomous investment prospect had started."

Real GDP in eastern Germany can be expected to rise by 6.5 per cent in 1993, just slightly less than in 1992, the report said.

AP-DJ reports from Bonn: German state governments had a net financing deficit of DM30.3bn ($18.8bn) last year, DM12.3bn less than had been foreseen, the German Finance Ministry said yesterday.

Mr Jürgen Echternach, parliamentary state secretary, attributed the better-than-expected result to "the positive economic development in Germany, which continued far into last year".

● Mr Klaus Piltz, chairman of Veba, Germany's fourth-largest industrial group, was killed in an avalanche on Easter Monday, the company said yesterday. Two of his three children, Uta and Klaus, and a family friend also died in the accident in Oetztal, Austria, Christopher Parkes writes from Frankfurt.

Mr Piltz, 57, took control of the energy-to-retailing conglomerate less than four years ago after the death of Mr Rudolf von Bennigsen-Foerder.

His main contribution to the Düsseldorf-based company was to restructure his predecessor's acquisitions, rather than sell them off as expected. He moulded a group with distinct but interlocking interests in energy, chemicals, petrol stations, retailing, transport and distribution.

He was quick to set up in the former GDR after unification, where Veba was one of the earliest entrants.

Sharp fall in Euro car sales

By Kevin Done, Motor Industry Correspondent

NEW car sales in west Europe fell by 9.4 per cent last month as demand dropped steeply for the third month in succession.

In the first quarter new car sales declined by 17.3 per cent to around 3.06m.

Sales in March declined to 1.18m from 1.3m in the same month a year earlier according to industry estimates. Demand in March was lower than a year ago in 15 of 17 markets across west Europe with higher sales registered only in the UK and in Greece.

The rate of decline moderated in March following steep falls of 23 and 17 per cent in January and February, but leading carmakers are being forced to lower further their already pessimistic sales forecasts for the full year.

General Motors, the US carmaker, said yesterday it now expected new car sales in west Europe to fall by 11 per cent to only 11.95m this year from 13.45m in 1992 compared with a 1993 forecast of 12.3m.

In Germany, the single biggest market in west Europe, new car sales fell by 14.9 per cent in March to an estimated 363,000. Sales plunged by 21.7 per cent in the first quarter.

Most leading carmakers in Europe have been forced to implement extensive short-time working and are cutting workforces in the face of shrinking profits or mounting losses.

The rate of decline has accelerated in Italy, where new car registrations fell by 20.8 per cent in March to 190,000.

New car sales in France in March were 9 per cent lower than a year ago, while demand in Spain dropped steeply by 22.7 per cent.

The only significant relief to the downturn across Europe is being shown in the UK, where new car sales in March were 12.7 per cent higher than a year ago. Sales in the first quarter rose by 11.6 per cent.

After plunging by a third during more than three years of recession new car sales in the UK have been higher than a year ago in each of the last six months.

Rover, the UK car producer and a subsidiary of British Aerospace, increased its sales in west Europe by around 11 per cent to 86,000 in the first quarter supported by a 22 per cent increase in volume in the UK.

Volkswagen, Europe's biggest carmaker, which recently disclosed a net loss of DM1.25bn ($750m) for the first quarter, suffered a 17.9 per cent fall in new car sales in west Europe in the first three months to 515,000.

Mercedes-Benz, the German maker of executive and luxury cars, has been hardest hit with a 29 per cent sales decline in the first quarter.

WEST EUROPEAN NEW CAR REGISTRATIONS
January-March 1993

	Volume (Units)	Volume Change(%)	Share (%) Jan-Mar 93	Share (%) Jan-Mar 92
TOTAL MARKET	3,064,000	−17.3	100.0	100.0
MANUFACTURERS:				
Volkswagen*(incl. Audi, SEAT & Skoda)	515,000	−17.9	16.8	17.0
General Motors (Opel/Vauxhall, US# & Saab)	382,000	−18.2	12.5	12.6
– Opel/Vauxhall	367,000	−18.1	12.0	12.1
– Saab**	10,000	−24.5	0.3	0.4
Fiat (incl.Lancia, Alfa Romeo,Ferrari Innocenti,Maserati)	374,000	−19.1	12.2	12.5
Ford (Europe, US# & Jaguar)	368,000	−15.6	12.0	11.8
– Ford Europe	356,000	−15.7	11.9	11.7
– Jaguar	3,000	−2.2	0.1	0.1
Peugeot (incl. Citroën)	367,000	−19.4	12.0	12.3
Renault††	325,000	−18.3	10.6	10.7
Nissan	103,000	−14.9	3.4	3.3
BMW	98,000	−17.0	3.2	3.2
Rover†	86,000	+11.3	2.8	2.1
Mercedes-Benz	84,000	−29.2	2.7	3.2
Toyota	83,000	−1.5	2.7	2.3
Mazda	54,000	−22.9	1.8	1.9
Volvo††	45,000	−22.9	1.5	1.6
Honda†	37,000	−19.0	1.2	1.2
Mitsubishi	34,000	−16.1	1.1	1.1
Total Japanese	364,000	−13.1	11.9	11.3
MARKETS:				
Germany	839,000	−21.7	27.4	28.9
Italy	585,000	−16.3	19.1	18.9
United Kingdom	453,000	+11.6	14.8	11.0
France	403,700	−22.5	13.2	14.1
Spain	175,000	−35.2	5.7	7.3

#Cars imported from US and sold in western Europe.
*VW holds 31 per cent and management control of Skoda.
**GM holds 50 per cent and management control of Saab Automobile.
†Honda holds a 20 per cent stake in Rover vehicle operations.
††Renault and Volvo are linked through minority cross-shareholdings.

Source : industry estimates

Laura Silber travels the war-devastated route aid officials call Bosnia's Ho Chi Minh trail

Guns and butter on the road to Tuzla

WITH a *Sieg Heil* salute, the Croat militia man waves the packed car through a check point on the road to Tuzla.

Peering through his sunglasses, he asks the driver for a permit from the Croatian Defence Council (HVO) allowing him to leave Herceg-Bosna, as they call the self-styled Croat state.

War has devastated the infrastructure of former Yugoslavia. A once simple two-hour journey between Tuzla and Belgrade has become a harrowing three-day expedition in which you have to travel a near circle around a shattered country patrolled by gunmen. This war is about territory and control of the roads.

To travel between "free" Bosnia and Serbia involves a 12-hour drive via Split on Croatia's Adriatic coast, a flight via Zagreb, and another drive through Croatia on the Zagreb-Belgrade motorway, watched over for the past year by UN peacekeepers.

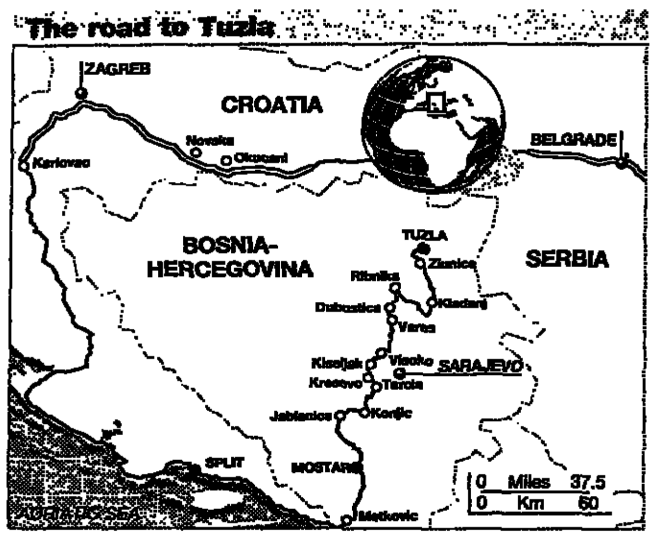
Emir, a Moslem worker, shows his pass to the militia man, who has a gold "U" pinned to his uniform – in honour of the Ustashe, pro-Nazi Croats during the Second World War.

Passenger cars, battered lorries and white UN vehicles ply the Tuzla road to and from Split, nicknamed by relief workers the Ho Chi Minh trail.

The road is circuitous, hazardous and above all slow. This lifeline for Tuzla, a region of some 800,000 people, at some points is little more than a rutted dirt track.

It weaves through villages which have been all but destroyed by Serb bombardment. It runs past Mostar, where months of pounding by the Yugoslav army deliberately reduced to rubble most of the centuries-old mosques and churches.

The road to Tuzla



An olive green US army bridge now spans the River Neretva, replacing one of the old stone Turkish bridges, Mostar's trademark, which was knocked out by Serb mortars.

Croat militia men control more check points on the road than their mainly Moslem Bosnian counterparts. They have set up a kitchen table in front of the ruins of Zitomislici, a 16th century Serbian Orthodox monastery, blown up last year. The guards barely look at the passing cars in an apparent sign of confidence that they are in control of this vital route.

"This is Croatia, from here to the Adriatic," says one closely-cropped soldier in a grey uniform. "It always has been Croatia," he adds, dismissing the Bosnian forces on the grounds as too lightly armed.

Rows of freshly-dug graves fill parks in Breza, a mostly Moslem town in the heart of Bosnia. In anticipation of further Serb bombardments, logs have been used to cover windows not already shattered in the relentless attacks. Villagers haul sacks of flour donated by international relief organisations.

Moslem children ask the passing convoys for sweets. Refugees crowded into houses wave glumly at the lorries. Some sell knitted socks. They are tired and undernourished. Many have scabies. The blown-up mosques testify to the destruction of their culture.

The route grows narrow in central Bosnia, running through remote mountain passes to avoid Serb artillery and front-lines. Traffic jams are frequent as 10-tonne aid lorries slip off the road or get stuck in the mud.

It can take 24 hours to reach Tuzla from the Bosnian capital Sarajevo, a stretch of only 90 miles. Tempers flare as vehicles queue up along the winding trail. A Bosnian lorry driver pulls a gun on a Danish relief worker who asks him to back up.

Some locally-hired aid trucks have seen better days. But they slog through the rivulets and pools of mud. One driver has been stuck overnight waiting for someone to tow his petrol tanker.

"I can't leave because someone may steal the oil," he says.He appears pathetically grateful as he is offered an apple and a packet of cigarettes.

The lorries must drive at full speed outside Kladanj, where Serb fighters bombard the road to Tuzla. It is dubbed "bomber alley". Soldiers wearing the Bosnian fleur-de-lys advise people to drive quickly.

Helmet and flak jacket are needed for the last stretch to Tuzla within easy reach of Serb guns. The industrial city is almost a reservation, cut off from the outside world except for one road. Serb and Croat blockades have stopped almost all traffic but relief lorries.

On the return trip to Belgrade, at a check-point in UN Sector West some 50 miles east of Zagreb, Croat policemen offer coffee.

"Tell them to come over for some ham and Easter cakes," orders one policeman. It is unclear to whom he is referring.

"The Jordanians whose checkpoint divides you from the Serbs?" he is asked.

"No, silly, they don't eat pork. Invite the Serbs over for cake."

With some trepidation the Serb policemen are told that they were invited for an Easter celebration with their Croat neighbours.

"Hello neighbour," he bellows over the walkie-talkie. "Thanks for the invitation. We'll come over."

"You bring the beer," said a Serb militia man.

From there it is down the abandoned Zagreb-Belgrade motorway, once the major route joining Europe with the Middle East.

It has been a three-day journey back from Tuzla through the former Yugoslavia. At the roadside just outside Belgrade there is a sign: "Tuzla 70km".

Tuzla yesterday: A Bosnian soldier carries the coffin of a baby killed in the Srebrenica evacuation

Pasqua stance on crime dismays Mitterrand

By Alice Rawsthorn

THE first serious split emerged yesterday between France's Socialist President François Mitterrand and the new centre-right government when the president objected to a report on law and order by Mr Charles Pasqua, the hardline interior minister.

Officials close to the president said Mr Mitterrand had "expressed reservations" about Mr Pasqua's presentation at a cabinet meeting of proposals to crack down on France's rising crime rate.

The president is believed to have been concerned about Mr Pasqua's failure to refer specifically to last week's incidents when French police killed three youths suspected of petty crimes.

The controversy over the deaths was stoked yesterday when two police motorcyclists in Cherbourg fired shots at a 15-year-old boy suspected of driving a stolen car. The boy was seriously injured when one policeman, claiming to have aimed at a car tyre, shot him in the back.

The policeman was last night under guard pending an investigation. Last week's police killings triggered violent riots in Paris and the northern town of Tourcoing.

Mr Pasqua, one of the most vociferously right-wing members of the new cabinet, last weekend issued an official apology to the victims' families. The police have begun an official inquiry into the tragedies.

However, Mr Nicolas Sarkozy, government spokesman, said that the interior minister referred implicitly to the incidents at yesterday's cabinet meeting by saying that the police must "respect individual rights". Mr Pasqua then stressed the need to give police the means to curb the rise in crime.

Mr Pasqua later sought to calm the controversy. Speaking in parliament, he repeated his apology to the bereaved families and described the police action as "unjustifiable".

Banks in France cut interest rates to 9.75%

By Alice Rawsthorn in Paris

FRANCE'S commercial banks yesterday responded to the recent fall in money market rates and to Tuesday's reduction in the Bank of France's repurchase rate by cutting base rates from 10 per cent to 9.75 per cent.

Prime Minister Edouard Balladur told the National Assembly he would do "everything possible to make sure this fall in interest rates continues".

The reduction was triggered on Tuesday night by Crédit du Nord and yesterday followed by other banks. French base rates had been held at 10 per cent since December as the French authorities battled to defend the franc from speculative attack in the run-up to last month's parliamentary elections.

The franc has strengthened since the conservatives' return to power and the announcement last week of Mr Balladur's economic reform package. Yesterday the D-Mark closed unchanged on the day at FFr3.380. However the French stock market slipped on profit taking, following its surge on Tuesday. The CAC 40 Index fell by 0.17 per cent to close at 2,015.43.

The base rate reduction is too small to alleviate the pressure on the French economy, still squeezed by sluggish consumer spending and investment. Mr Philippe Toussaint, chief executive of Crédit du Nord, said the cut was "an essential gesture".

Berlin stores attacked by arsonists

ARSONISTS set fire to two Berlin department stores overnight yesterday but caused little damage and no injuries, according to the police, Reuter reports.

A police spokesman could not say whether the fires, started by incendiary devices hidden in the stories and set off by timers, were related to protests against Berlin's campaign to hold the Olympic Games in 2000.

Several banks supporting the Olympic campaign have been damaged by protesters this year, and the Hertie department store chain, owner of the two stores affected on Tuesday night, has also come out for holding the games in Berlin.

East Germans told strike could cost 100,000 jobs

By Judy Dempsey in Berlin

UP TO 100,000 workers could lose their jobs in eastern Germany if IG Metall, Germany's engineering union, calls an all-out strike in support of large pay increases in the region, Mr Klaus Murmann, president of the country's employers' association, warned yesterday.

At the same time, he asked IG Metall to return, without preconditions, to negotiations because a strike "now would be at the wrong time, inappropriate, and destructive".

However, IG Metall, which has already held warning strikes in eastern Germany's steel, metal and electrical sectors, wants the employers' associations to rescind a decision which ended a contract equalising eastern and western German wages by April 1994.

Under the terms of that contract, eastern German steel employees were due this year a 21 per cent pay increase and the metal and electrical sectors 26 per cent.

The union, unsure about the extent of its support for an all-out strike in eastern Germany, has accused the employers of illegally breaking the contract. It claims the employers want to destroy the principle of collective wage bargaining which has shaped industrial relations in Germany for the past five decades.

Mr Murmann yesterday denied both charges, saying "we uphold the principle of collective wage bargaining." He also stressed that employers were entitled to invoke a revision clause in the March 1991 agreement, allowing them to end the contract because of changed economic circumstances in eastern and western Germany.

He said heavy pay increases, apart from economic reasons, could not be sustained in view of the fact that other sectors of the eastern German economy have settled for pay increases of around 9 per cent, in line with the annual inflation rate in the five eastern German states.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 6000 Frankfurt am Main 1, Germany. Telephone 49 69 156 850, Fax 4969 5964481, Telex 416193. Represented by Edward Hugo, Managing Director. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl-Strasse 3a, 6078 Neu-Isenburg 4. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.
FRANCE
Publishing Director: J. Rolley, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.
DENMARK
Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 CopenhagenK. Telephone 33 13 44 41, Fax 33 93 53 35.

NEWS: RUSSIA AND THE G7

Nations rival each other in Moscow aid

By Robert Thomson in Tokyo

BEFORE Mr Lloyd Bentsen, US Treasury secretary, began negotiating with his Group of Seven partners in Tokyo yesterday on the future of Russia, *he noted that nowadays the* group is not as concerned with "the balance of power as with the balance sheet".

Apart from agreement that, by international *accounting* standards, the Russian balance sheet is definitely in poor shape, several of the G7 members were ready to find fault with each other's reckoning of bilateral contributions to the Russian cause.

"It has become a numbers game," a Canadian official lamented. Mr Bentsen himself observed that a $1.82bn (£1.2bn) Japanese package for Russia announced *yesterday* was heavy on trade insurance, while Japanese officials insisted the weighting of the aid stood comparison with that of fellow members.

"Some commitments [by G7 members] are new and some commitments are not. When you compare the Japanese commitment it is not as miserable as you might think," one said. Out of the $1.82bn, Japan is providing direct grants of $320m for food, medical equipment and technical help and $1.1bn in trade insurance and a $400m loan facility.

The US is also expected to *announce a* package of around $1.8bn at the meeting, which ends tomorrow. This will include $500m towards a $4bn privatisation fund for Russian industry. *US officials proposed* the fund yesterday, but they are dependent on other G7 members mustering another $1.5bn and international agencies, in particular the World Bank and the European Bank for Reconstruction and Devel*opment, supplying about* $2bn.

Japan had planned to announce only $1.2bn in assistance this week, but apparently increased the figure to ensure favourable *comparison* with the US.

German officials said they felt under no obligation to announce another headline-grabbing figure, as the country's contributions account for an estimated 67 per cent of the bilateral aid promised by G7 members over the past two years and about 75 per cent of that already disbursed.

Italian representatives explained that the country is prepared to consider future *assistance, but would like* Russia to remember that it has yet to repay two outstanding commercial bank loans. French officials said the focus should be on multilateral assistance, rather than bilateral figures.

The UK *was generous* in applauding the Japanese package as "welcome, excellent and a major contribution", though, as Mr Bentsen would say, Britain's extra $600m package announced yesterday was also heavy on export credits, which *account for $500m.*

The European Commission wanted to emphasise that its $3bn in already announced assistance has been listed in its budget. A spokesperson said the Commission put the stress *on strategic technical assis*tance. "We notice that the Japanese package does contain technical assistance," the EC said.

However, another US official said that comparing the respective packages of the members *was as difficult as "comparing* apples to oranges".

Toasting Russia's health: (from left) Miyazawa, Christopher and Kozyrev in a Tokyo restaurant

Yeltsin seeks backing for attack on his foes

By John Lloyd in Moscow

PRESIDENT Boris Yeltsin of *Russia yesterday* promised "more decisive action" against the "negative activities" of the Russian parliament if he wins the support of the people in *this month's referendum. He* said he would resign immediately if he were not supported.

The president said he had prepared a "range of urgent measures" *to present to the* country on April 26, the day after the referendum. Though he did not specify in his meeting with the press what these *would be, it was clear from* other remarks that ensuring a legal base for individuals to hold private property would be foremost among them.

Mr Yeltsin has called for a Yes vote on all four questions in the referendum.

These, decided *by the* Congress of People's Deputies during a bitterly fought session, are on trust in the president; approval of the economic *reform; early elections for the* presidency and for a new, one-chamber parliament. He said he would define *"losing"* as receiving a No vote on trust in himself and on early parliamentary elections through which the Supreme Soviet and *Congress – a hangover from* Soviet days – would be transformed to a bicameral parliament on the democratic model.

Mr Yeltsin has done little campaigning and much of that has been lacklustre. He has no single opponent – but Vice-president Alexander Rutskoi and Mr Ruslan Khasbulatov, the parliamentary speaker, have propelled ever-harsher criticism of him and his government.

Asked if he sought the resignation of General Rutskoi – considered a possible presidential contender – Mr Yeltsin said Gen Rutskoi was "completely opposed to the reforms being *introduced* by the president". He asked: "How can he work in such a situation?".

Mr Yeltsin said he would define early elections as taking *place in autumn this year* rather than, as had been mooted, in spring 1994. He said a new constitution, guaranteeing all civil rights "to world standards", was already prepared and would now be sent for discussion to the republics *and regions of Russia.*

The constitution, he said, could then be adopted either by a referendum or a constituent assembly, or by the Council of the Federation itself. Mr Yeltsin, who has increasingly used regional and republican leaders as *allies in his struggle* with parliament, suggested that the last of these might be the better way and said that the new constitution put the upper house of the two-chamber parliament, the Chamber of the Federation, as the highest legislative body.

Later, in talks with leaders *of the Russian republics in* Moscow, Mr Yeltsin said a new constitution would create a presidential republic and a "full-blooded federation". He told the republican heads that the present constitution, a patched version of the old *Soviet era document, was an* "explosive mixture".

Mr Yeltsin also said that he would meet other heads of the Commonwealth of Independent States in Minsk tomorrow "to discuss only one question – the future of the CIS, when integration would begin and which [of the states] would continue in an integrated community".

However, he said Russia would cease to sell energy to *former Soviet republics at sub*sidised prices.

Lamont sets a 10-year target for free trade

By Charles Leadbeater in Tokyo

THE G7 countries should commit themselves to establishing completely free trade with Russia within 10 years to hasten Russian integration into the world economy, Mr Norman Lamont, British Chancellor of the Exchequer, told the Group of Seven's finance and foreign ministers in Tokyo.

He said such a timetable would be a symbol of economic partnership, rather than merely aid.

Mr Lamont also announced a £380m addition to the UK's *bilateral aid programme to pro*mote economic reform in Russia and other countries of the former Soviet Union.

The additional assistance *would bring British* aid to the former Soviet Union to £1.1bn, including the UK's commitment to the EC's aid programme.

It is mainly in the form of £320m in export credits and insurance for British companies investing in Russia.

Technical assistance to Russia will be doubled to £120m. Most of this will go into an *international fund to support* the development of small and medium-sized enterprises, with the rest to expand the recently launched scheme to second Russian managers to British businesses to give them experience of working in a market economy.

Mr Lamont said: "Russia could be one of the biggest export markets for British firms in the next decade. We want to help and encourage them to get in on the ground floor and to establish links with Russia at an early stage."

However, the British proposal for a free trade agreement appeared to win little immediate backing, apart from support from Japan.

Before yesterday's announcement Britain had pledged about £130m in bilateral aid, including £38m for military safety and £60m to the Know-how fund for business development. It had also provided £323m in export credits and £321m for the EC aid programme.

Coup defendants protest at trial

By John Lloyd

THE trial of 12 former Soviet and Communist party leaders charged with high treason for organising the unsuccessful coup in August 1991 began yesterday. It opened with a flurry of claims by the defendants that they were being tried in a non-existent country by the *wrong people on a punishing* schedule.

One of the defendants, Mr Alexander Tizyakov, 67, was taken ill half an hour before the end of the afternoon session. Mr Tizyakov, a less prominent member of the "State *Committee* for the Extraordinary Situation", as the plotters called themselves, was head of the state industrialists' association.

Mr Anatoly Lukyanov, former speaker of the Soviet parliament and an intimate of former Soviet President Mikhail Gorbachev, argued that the *prosecutors, drawn from* the military department of the Russian Supreme Court, were biased. He noted that they would be under the command of General *Pavel Grachev*, the defence minister, who will be one of the witnesses.

Gen Grachev came *out* against the plotters during the coup.

Major General Anatoly Ukolov, the presiding judge, dis*missed the claim*, as he did an earlier plea that the case be dismissed as the court had no jurisdiction over alleged crimes committed in the Soviet Union. The defendants also argued unsuccessfully that the court's schedule be relaxed to reflect *the age of the defendants* – many in their sixties – and the fact that they had spent a year in prison.

The trial of the plotters promises to be long and at times rivetting – as several of them, including Mr Lukyanov and *Mr Valentin Pavlov*, the former Soviet prime minister, have made clear that they will point the finger at Mr Gorbachev as having been at least a passive *accomplice in develop*ing the coup. Mr Pavlov said in a recent interview that the former Soviet president had indicated that he would return from his vacation *villa* – where he was under house arrest – to lead the country if the plot succeeded.

Libya shipment barred

A RUSSIAN company's attempt to ship a banned chemical to Libya was blocked by Ukrainian customs officers at the southern port of Illichevsk last week, writes Chrystia Freeland in Kiev.

The *seizure* comes amid growing western concern that Russian defence officials are seeking to profit from their nation's economic chaos by selling *dangerous* substances to countries subjected to international embargoes.

The action also suggests Ukraine is trying to tighten export controls in response to western allegations that it was breaching *sanctions* against Serbia by allowing oil to be shipped up the Danube from Ukrainian ports.

The Ukrainian Foreign Ministry said 80 tonnes of ammonium perchlorate, being *shipped to* Libya by the Moscow firm "Pavoks", was seized by customs officials. This can be used as a rocket fuel, although it also has medical and *farm applications.*

China talks boost HK share prices

By Simon Davies in Hong Kong

THE Hong Kong stock market yesterday celebrated the end of the Sino-British political deadlock in traditional fashion, with the Hang Seng Index surging 371.53 points to a record high of 6,789.74.

Local politicians displayed rather less optimism, however, that the four-day talks to be held by Britain and China would resolve the dispute over Hong Kong's political development, and Beijing issued further warnings to indicate that the market reaction could be premature.

A UK foreign office spokesman said Hong Kong's three representatives would join the negotiations with China on April 22 as equal members of the team, implying that Britain had won a diplomatic concession from the Chinese.

However, Mr Zhang Junsheng, deputy director of the Hong Kong branch of Xinhua News Agency – the official mouthpiece for China – yesterday declared that the Hong Kong representatives would merely adopt the role of advisers or experts, in accordance with China's initial demands.

Even so, a stumbling block has clearly been overcome in allowing talks to be resumed.

But one Hong Kong legislative councillor said yesterday: "It is possible that the gap between the two sides is still large. China wants the freedom to appoint its own lackeys, while the British want an honourable retreat."

Mr Martin Lee, leader of the United Democrats, said he was not optimistic about a resolution. But he argued that Mr Chris Patten, Hong Kong governor, appeared to have won an important procedural point and proved that Britain could successfully stand up to China.

Mr Lee said: "Let us hope this is a sobering reminder to the China clique [so-called foreign office sinophiles such as Sir Percy Craddock, former UK ambassador to China] that theirs is not the right way."

Foreign investors took more encouragement from the diplomatic breakthrough. Stock market turnover hit an all-time high of HK$7.7bn (£652m), compared with the previous record of HK$6.3bn reached in May 1992. Brokers expected follow-through buying from London and New York to push the index further today.

A resolution to the dispute would stimulate corporate earnings right away. It would set off an increase in property prices and provide economic benefits of a go-ahead for several big infrastructure projects which have become pawns in the political conflict.

The most politically marked company in the stock market – Jardine Matheson, which in December was singled out by China as a "bad element in Hong Kong's business community" – was the best-performing blue chip stock of the day, climbing HK$7 to HK$55.

Mr William Overholt, managing director of Bankers Trust (Hong Kong), said: "I don't think that there is a view that things will go smoothly. But the Hong Kong community has now come to the conclusion that China will do nothing to harm Hong Kong. The basic fear of 1997 [the date for handover of control to China] has evaporated."

US isolation grows over Vietnam

By George Graham in Washington

THE "road map" set out by former President George Bush for normalising relations between Vietnam and the US has already led the two countries into a few dead ends and several potholes.

The discovery in Moscow of a document apparently showing that Vietnam may have held twice as many US prisoners of war as it ever admitted seems sure to throw another obstacle in the way of their awkward march towards full links.

While US policy towards Vietnam is officially under review, it has been widely assumed in Washington – although without any explicit statement from President Bill Clinton himself – that the new administration would not depart dramatically from the Bush road map.

This set out a phased progression to lifting the US trade embargo and establishing full dramatic relations in exchange for Vietnam's co-operation on accounting for US servicemen listed as missing in action during the Vietnam war and on the UN sponsored peace process in neighbouring Cambodia.

The next phase foreseen in the road map would involve the US lifting its trade embargo against Vietnam, ending its opposition to reinstating the country in the International Monetary Fund and supporting loans by the IMF and the World Bank for basic human needs.

The US is growing more and more isolated in its insistence on maintaining an embargo against Vietnam.

Other western nations, which have until now held back out of deference to the US from helping Vietnam back into the IMF, now seem increasingly inclined to press ahead willy nilly.

A support group led by France stands ready to provide a bridging loan to pay off Vietnam's arrears to the IMF of around $140m (£92m). Mr Michel Camdessus, the IMF managing director, has made it clear he feels Hanoi's economic policies would already qualify it for normal IMF financing, allowing it to repay this bridging loan.

This, in turn, would pave the way for World Bank infrastructure lending which Vietnam sorely needs.

The support group had been expected to meet during the IMF's spring meetings later this month. Until the prisoners of war document surfaced in Moscow this week, Fund officials had expected the Clinton administration to signal its acceptance of Vietnam's reinstatement by lifting the embargo.

Such a move now appears, in the short term at least, to be politically impossible for Mr Clinton: whether or not the Moscow document is authentic – and the Vietnamese are not alone in crying "forgery" – it has the ring of truth to a substantial body of US opinion, which is unlikely ever to be reconciled to the probability that no MIAs are still held in Vietnam.

> 'An aggressive and enlightened bilateral and multilateral dialogue with Vietnam will eventually result in democratic change in Vietnam'

Opinion in the Senate, however, is increasingly shifting towards the view that the best way of ensuring progress on MIA issues, as well as on other US concerns such as human rights violations in Vietnam, is to establish closer relations.

Senator Claiborne Pell, the Democratic chairman of the Senate Foreign Relations committee, and Senator Richard Lugar, his Republican opposite number, wrote together last month to urge Mr Clinton to lift the embargo.

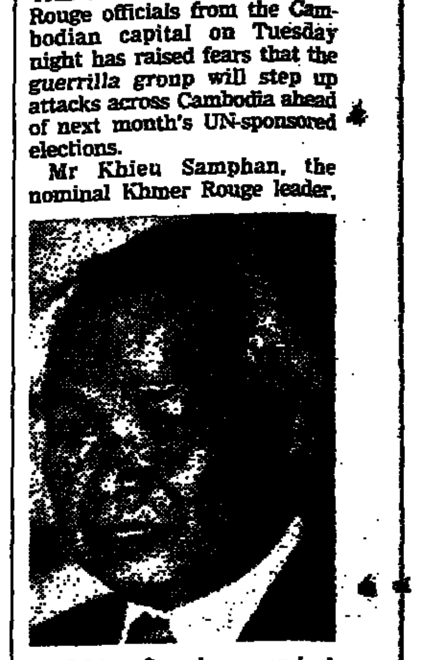
"We believe that an aggressive and enlightened bilateral and multilateral dialogue with Vietnam will eventually result in democratic change in Vietnam and achieve a more complete resolution of the POW/MIA issue," they wrote.

Attack fears after pull-out by Khmer Rouge

By Victor Mallet in Bangkok

THE WITHDRAWAL of Khmer Rouge officials from the Cambodian capital on Tuesday night has raised fears that the guerrilla group will step up attacks across Cambodia ahead of next month's UN-sponsored elections.

Mr Khieu Samphan, the nominal Khmer Rouge leader, said in a letter yesterday to Prince Norodom Sihanouk, who chairs Cambodia's interim Supreme National Council (SNC), that Khmer Rouge officials no longer felt secure in Phnom Penh, although the UN has blamed most of the recent violence in the country on Khmer Rouge guerrillas.



Mr Khieu Samphan: nominal leader of the Khmer Rouge

The withdrawal will make it difficult for the 22,000-strong UN Transitional Authority in Cambodia (Untac) to communicate with the Khmer Rouge leadership, except via Thailand. It was not immediately clear if Mr Khieu Samphan would be prepared to visit Phnom Penh to attend future meetings of the SNC, which brings together the four main factions and the UN.

The attitude of the Khmer Rouge, which was responsible for the deaths of 1m Cambodians when it ran the country between 1975 and 1978, is regarded as crucial for the peace process because its guerrillas and the rival army of the Phnom Penh administration are the only substantial Cambodian military forces.

The group has effectively pulled out of the peace process already, by seeking to disrupt the elections, refusing to disarm its fighters and rejecting UN attempts to gain access to Khmer Rouge territory.

Seven UN peacekeepers have been killed in the past three weeks, and the UN blames the Khmer Rouge for most of the deaths.

Yesterday Untac attempted to lure the Khmer Rouge back to its compound behind the royal palace in Phnom Penh by saying that UN forces could provide extra security for Mr Khieu Samphan and his followers.

In Tokyo, foreign ministers from the Group of Seven industrialised countries said the elections should go ahead. Mr Ali Alatas, the Indonesian foreign minister, urged Untac to persevere because the alternative would be "uncontrolled fighting again in Cambodia".

Rabin and Mubarak meet in bid to put peace talks on schedule

By Roger Matthews, Middle East Editor

ARAB delegations to the Middle East peace talks will wait until Saturday before deciding whether to attend the next round of negotiations scheduled for Washington on Tuesday.

President Hosni Mubarak of Egypt made the last effort at conciliation yesterday when he met Mr Yitzhak Rabin, Israel's prime minister, in Ismaliya on the Suez Canal. The talks were the final stage of a series of contacts involving the US, Israel, Egypt, the Palestinians, Jordan and Lebanon. Senior representatives from the four Arab delegations will meet in Damascus tomorrow and Saturday to make their decision.

Mr Mubarak said there were "very great hopes" that peace negotiations would resume on schedule but neither he nor Mr Rabin offered any details on the substance of their discussions.

President Hosni Mubarak of Egypt (right) meets Mr Yitzhak Rabin, Israeli PM, yesterday

While Syria, Jordan and Lebanon have all expressed their desire to proceed with negotiations, the Palestinians have demanded that Israel should pledge not to repeat the December deportation of more than 400 men from the occupied West Bank and Gaza.

Israel has indicated that it may be prepared to take back some Palestinians who had been deported over the past several years and also allow Palestinians from east Jerusalem to become members of its negotiating team.

Mr Rabin confirmed yesterday that Mr Faisal al-Husseini, who comes from east Jerusalem and is the leading Palestinian in the West Bank, could in future head the Palestinian delegation. It might indicate some easing of Israel's previous insistence that it would not discuss the status of east Jerusalem, which it annexed after the 1967 war.

The US has also sought to reassure Arab delegates that it will play a more active mediating role and become a full partner in the peace process.

Britain in approach to India on environment

By Bronwen Maddox, Environment Correspondent

THE UK government has asked India to form an environmental alliance to help unblock international "green" negotiations in the follow-up to the Rio Earth Summit.

Mr Michael Howard, environment secretary, who proposed the initiative in a letter on April 6 to Mr Kamal Nath, the Indian environment and forestries minister, said yesterday: "We both have a good deal of influence at our disposal, the UK as part of the developed nations group and India as part of the developing nations."

He added that "without some political will behind it" there was "a great danger" that the Commission for Sustainable Development, that will follow up Rio's ambitious agenda set in Rio last June, would become "just another bureaucratic arm of the United Nations."

A pact could have considerable impact on discussions on how to put last June's Rio agreements into practice, which have been handicapped by north-south divisions, in particular over financing.

However, an alliance would have to bridge the wide differences between the UK and India on many "green" issues. Past disagreements include the future of forests and the role for the global environment facility (GEF), the fund administered by the World Bank and the United Nations to help the Third World to finance projects which help the global environment.

Mr Howard said "we have not established a total identity of view but we have established a common approach." He added: "I think I see signs of movement on the Indian position on [the GEF]." Many developing countries have been reluctant for the fund to be part of the World Bank and have disputed the criteria for selecting projects. Mr Nath and Mr Howard will meet this Saturday in Montreal at an informal meeting of environment ministers.

NEWS IN BRIEF

Iran devalues 6.7% against the dollar

IRAN'S central bank devalued the rial 6.7 per cent against the dollar yesterday, and stepped up the sale of foreign exchange in a bid to take control of a volatile currency market, Reuter reports from Tehran.

In its second devaluation in three weeks, the bank set the rial at 1,648/50 per dollar against Tuesday's 1,538/41.

Several dozen state bank branches in Tehran began selling up to $5,000 (£3,300) to any buyers after Tuesday's announcement that the rial would be fully convertible.

The central bank acted after the rial sank to a new low of 1,830 to the dollar on Sunday, raising fears of a free-fall after an official devaluation of up to 95.6 per cent on March 27.

The first devaluation jolted prices. Newspapers report a 30 per cent jump in prices of household goods since early March – about equal to the rise in wholesale prices in the 11 months to February 19 over the same period a year ago.

Meanwhile, Irna, the official news agency, said a British trade mission to Tehran planned for next month was likely to be postponed because of London's public support for novelist Salman Rushdie, ordered killed by Iran for alleged blasphemy.

The agency said damage to UK-Iran relations "could go much further than economic ties" if British Prime Minister John Major went ahead with a public meeting with Rushdie.

Senior Iraqi officials 'executed after kidnap attempt'

Senior Iraqi officials have been arrested and executed and security forces are laying siege to part of Baghdad after gunmen tried to kidnap the interior minister, travellers from Iraq said yesterday, Reuter reports from Nicosia.

They said there had been explosions and casualties in the city. Unconfirmed reports spoke of the execution of former interior minister Samir Abdel Wahab al-Shaykeli in a purge ordered by President Saddam Hussein.

But travellers said they knew only that a number of senior military officers and ruling Ba'ath party officials had been arrested and executed. They were unable to give any figures.

Over 70,000 protest against religious strife in India

More than 70,000 people came out in a scorching summer sun yesterday to call for an end to the politics of religion which has led to widespread Hindu-Moslem riots in India, Reuter reports from New Delhi.

The rally to affirm India's secular constitution was called by 13 left and left-of-centre political parties near the historic Red Fort in the old city of Delhi.

Nearly 2,000 people were killed in riots which swept the country after a mosque was razed by Hindu fundamentalists in the northern town of Ayodhya on December 6.

Speakers at the rally charged the right-wing Hindu nationalist Bharatiya Janata party (BJP), which spearheaded the movement for building a temple on the site of the mosque, for injecting religion into politics.

The BJP, regarded by its opponents as rabble-rousers, is accused of exploiting the religious loyalties of India's Hindus, the overwhelming majority in the country of 870m. The party has become the largest opposition party in a matter of five years.

North Korean prime minister attacks 'enemies of Pyongyang'

North Korean Prime Minister Kang Song-san lashed out yesterday at enemies confronting Pyongyang in the nuclear inspection crisis in the midst of a gushing 81st birthday tribute to "Great Leader" Kim Il-sung, Reuter reports from Tokyo.

In a keynote speech to a "national celebration" in the capital, Mr Kang hailed Mr Kim's birth on April 15, 1913, as "a big stroke of luck which heralded the dawn of national liberation and rebirth on the dark land of the country."

Mr Kang also accused the United States of trying to organise "collective sanctions" to isolate the Stalinist republic on the pretext that it refused to open up secret military sites to nuclear inspection.

Pyongyang's defiance of demands by the UN atomic watchdog agency for access to suspected nuclear weapons sites has sparked a crisis in the region. The UN Security Council is weighing imposition of punitive sanctions.

Japanese bank chief cautious over prospects for economic recovery

By Charles Leadbeater in Tokyo

THE Japanese economy will start to recover only gradually towards the end of the year, in spite of the Y13,200bn (£76bn) emergency spending programme announced by the government on Tuesday, Mr Yasushi Mieno, the Bank of Japan's governor, warned yesterday.

His remarks came as retailers confirmed the depth of the slump in consumer spending, with an 11.4 per cent fall in sales at Tokyo's 27 main department stores last month.

Mr Mieno's cautious assessment of the special package's impact on the economy, which is mired in the worst downturn for two decades, sharply contrasts with the government's view that the package will pave the way for a sustained recovery.

Mr Yoshiro Hayashi, the finance minister, in a speech to executives from trust banks said the Y13,200bn package, mainly made up of public works spending, would promote sustained recovery in the second half of the 1993 financial year.

Mr Mieno said that recent increases in car sales, industrial shipments and the surge in the Tokyo stock market might indicate that the decline in business confidence was coming to a halt.

However, he cautioned that it was too early to say the economy was ready to recover given the depth of the slump in consumer spending and corporate investment.

The March fall in Tokyo department store sales was the sharpest monthly drop recorded since the Japan Department Stores Association started collecting statistics in 1965.

Sales of clothes, furniture and household appliances were particularly hard hit.

Party puts policies before perks

Emiko Terazono on the group trying to clean up Japanese politics

ON THE MAIN street of Nagata-cho, Japan's political centre, a group of middle-aged women climb into a tour bus to complete a day of politics and sightseeing with a boat ride around the Tokyo Bay and an evening variety show with the compliments of their local MP.

Mr Yoshio Terasawa, a member of the Japan New Party, is still shocked at such sights. "These practices have to go," he says. As revelations of political corruption have heightened discontent towards the ruling Liberal Democratic party and existing opposition parties, the JNP has presented itself as the party which can clean up politics.

He also points a finger at Japanese voters. "Japanese politics has deteriorated because people choose politicians who give out the best perks," says Mr Terasawa, ex-vice president of Nomura Securities and former executive vice president of the Multilateral Investment Guarantee Agency.

The party is quickly winning support. According to a poll by the Nikkei Shimbun 6.7 per cent of 10,000 registered voters supported the JNP, up from 0.7 per cent last June, and 2.8 per cent in December, pushing it to the third most popular party. The tax evasion scandal involving Mr Shin Kanemaru, the former kingmaker of the LDP, has given impetus to public support for the party, which calls for a more transparent political system.

It also calls for free trade, including the opening up of rice markets, and advocates curbing powers of the bureacracy. However, in spite of its different outlook on politics, the JNP faces the same problems as other parties – lack of funds. The JNP is at a disadvantage since it lacks of connections with corporations and labour unions which exisisting parties have.

Donations from companies and individuals, which constitute over 50 per cent of revenues for the LDP, are also sparse for the newest opposition party. Companies are reluctant to provide funds due to falling profits.

The JNP has raised Y300m by selling party hankies and T-shirts, but will have to market a lot more if it is going to support at least 60 candidates in the next general election slated for the second half of the year. Mr Terasawa is now trying to woo wealthy individuals and owners of small companies for donations.

A single LDP candidate would need about Y300m, paying for flashy campaign cars, posters and payouts. "It's shocking but it happens," says Mr Terasawa, describing a case where Y10,000 notes, were distributed hidden in onigiri – Japanese rice ball snacks.

But Japanese politics is slowly changing, says the 62 year old Mr Terasawa. "We have the wind behind us, and we must not miss it," he says. He adds attitudes of younger people are slowly changing old ways.

However, some old ways die hard. Some voters still expect favours from a candidate. "In the provinces, a good politician is someone who can build the extra bridge or a bullet train station," says Mr Terasawa.

New Zealand inflation at 1 per cent

By Terry Hall in Wellington

NEW ZEALAND consumer prices in the year to March 31 rose by 1 per cent, a result only bettered by Australia in the Organisation for Economic Co-operation and Development, the government statistician said yesterday.

Australia's inflation rate was 0.3 per cent. The low New Zealand annual rate continues a trend, with the CPI registering 1.3 per cent in the year to December and 1 per cent in the 12 months to September.

In the three months to March the CPI was 0.1 per cent, a figure that surprised economists who had been predicting a rise because of higher mortgage rates.

This followed the Reserve Bank's decision to intervene to support the New Zealand dollar in pursuit of its low inflation target when it appeared likely the currency would fall below its target of 52 on the index which measures the value of the dollar on a trade weighted basis with its main trading partners.

The statistics department also reported yesterday that food prices had fallen 1.3 per cent in March.

This followed increases of 1.1 per cent and 0.6 per cent in February and January, which were due to poor weather affecting the price of fruit, vegetables and meat.

Economists said yesterday that the government deficit could be down on Treasury forecasts for the year to June due to higher company tax, lower government spending and higher returns from indirect taxes.

Pakistan's PM told to resolve political crisis

PAKISTANI President Ghulam Ishaq Khan issued a stern warning to Prime Minister Nawaz Sharif yesterday to resolve what he called grave problems and to end a crisis that threatens his government, Reuter reports from Islamabad.

Mr Sharif met the president for the third time in 10 days to try to end a bitter feud that many ministers have said could prompt Mr Ishaq Khan to use his powers to dissolve the National Assembly (lower house).

Mr Sharif enraged the president in February when he set up a committee to modify the Eighth Amendment, martial law-era legislation that empowers the president to dissolve parliament and appoint the armed forces chiefs of staff.

Six cabinet ministers and two advisers have resigned in an apparent show of support for the president in the present tussle.

Mr Sharif undertook to act on "an urgent basis" and to report to the president with precise measures, the statement said.

Fears that Mr Sharif's 2½-year coalition government, weakened by several desertions in the past year, could fall sent the stock exchange into a tailspin.

"The stock market has nosedived and business activity is suffering because of the political instability," Mr Sharif told reporters earlier in the day. The Karachi Stock Exchange index has plunged 25 points since Sunday.

"The uncertain political situation will affect the economy, which in turn will bring unemployment," he said. "Unemployment breeds anarchy."

Mr Sharif said political instability could reverse Pakistan's ambitious reform programme to deregulate the economy.

Last week the prime minister nominated Mr Ishaq Khan for a second term to try to end the hardening antagonism.

Mr Ishaq Khan, whose five-year term expires late this year, used the Eighth Amendment to dismiss former prime minister Benazir Bhutto on charges of corruption and misrule in 1990 and feels betrayed by her successor's bid to curb his authority.

General Abdul Waheed, chief of army staff, postponed a visit to France due to begin today.

هكذا من الأصل

Korean shopkeepers were putting up razorwire in Los Angeles yesterday, as the city waited for a verdict in the federal trial of four white policemen accused of a 1991 beating of black motorist Rodney King, which was videotaped by an onlooker and broadcast worldwide. The April 1992 acquittal of the four officers sparked riots that killed 54 people and caused more than $1bn in damage. Black leaders yesterday called for calm as the jury returned for a fifth day of deliberations.

VAT may finance US health plans

By George Graham in Washington

A VALUE added tax could be introduced in the US to finance the Clinton administration's health care reform plan, a senior official said yesterday.

Ms Alice Rivlin, deputy director of the Office of Management and Budget, said VAT or a national sales tax was "clearly a possible candidate".

The introduction of VAT is backed by several US senators and seen by others as inevitable in the long run. However, most advocates argue that it should be introduced as part of a comprehensive reform of the tax system, replacing a considerable portion of the revenue now raised from income taxes.

White House officials say that at least 20 different tax options are still on the table for financing health care reform. Particularly favoured are "sin taxes" on alcohol, tobacco and guns, because of their likely effect in curbing unhealthy habits that place a burden on the medical system.

Ms Rivlin yesterday said that President Bill Clinton had not yet decided on the details of the health care reform, or how it should be financed. However, a national VAT had "a good deal to recommend it", she said, in view of the need to boost investment rather than consumption in the US. On the other hand, it would be regressive in its impact, and could hurt states' revenues from local sales taxes.

A White House task force is expected to complete the administration's health care reform plan in mid-May.

The core goals are to ensure all US citizens have some form of health coverage and to guarantee that this coverage not be jeopardised if they change jobs or fall ill.

But that is almost certain to cost the government a great deal more than the current system, where most people have health insurance provided by their employer.

At least in the short term, it will prove expensive to extend coverage to the estimated 37m people who have no employer-provided health insurance, but who do not qualify for the government's Medicaid or Medicare schemes, which cover the poor and the elderly.

Over the longer term, the administration hopes that the reforms will pay for themselves by bringing medical costs under control.

Administration officials say the outlines of their plan include a health security card that would guarantee every citizen access to a standard package of health benefits.

Local "health alliances" would operate as purchasing co-operatives, with the expectation that they would be able to negotiate cheaper fees. These alliances would then offer a variety of health plans, either to employers or to individuals.

Employers would be required to pay for part of their employees' coverage, but would have to give their employees a choice of health plan.

Medicaid would eventually be folded into these alliances, although Medicare would continue.

In rural areas, where population density is too low to support competing health plans, states might opt to take a more direct role in collecting premiums and contracting for health services, in a single-payer system similar to Canada's.

Caribbean goes shopping for citizens

Canute James sights Far Eastern businessmen looking for a haven

A DISTANT ramification of the diplomatic skirmish between Britain and China over the future of Hong Kong is being felt on the eastern Caribbean island of Dominica, where citizenship is "for sale".

Dominica has been casting its net throughout south-east Asia for the past year, in an effort to entice, with the offer of passports, new "economic citizens" in exchange for investments. Businessmen from the Far Eastern British colony have been visiting.

The prospective citizen pays the government US$25,000, which goes into a trust fund, and makes an initial business investment of not less than $35,000 in a venture producing for export and employing Dominicans.

The country is not alone in making an eastern Caribbean pitch for wealthy citizens. The government of St Kitts-Nevis plans to sell several hundred passports to residents of Hong Kong, who appear concerned about the future of the colony when it comes under Chinese control in 1997.

St Kitts-Nevis officials say they will not grant more than 3,000 "economic citizenships" and that many of those who qualify would not live in the twin-island country, which has a population of 50,000 people. However, the phantom immigrants would have a haven in case of need.

In the same region, the government of Antigua is studying a similar programme to attract investors from the Far East. An official said the administration favours issuing economic visas, as in Canada.

To the west across the Caribbean, Jamaica has launched a programme to attract "business migrants", to draw both their professional skills and their money. The programme was launched in Hong Kong but the Jamaican government says it is willing to consider applicants from any country.

Jamaica has stipulated no minimum investment, but preference will be given to prospective migrants willing to commit no less than $100,000 in ventures creating local jobs. Indirect investors will also be favoured, if able to put $100,000 in a venture capital fund, in non-transferable government bonds for at least 10 years, or in approved private joint ventures. A successful applicant will receive resident status and a passport, and will be able to apply for Jamaican citizenship.

There is, however, concern over the consequences of some of these programmes in the Caribbean's labour-surplus economies. There is little to prevent an investor shutting up shop on one island when his tax holiday – one of the many incentives – has expired and starting anew in a neighbouring country. Government spokesmen in Grenada say they have turned down requests for special citizenship for Hong Kong residents.

Besides the extra strain of an influx of new citizens on a social and physical infrastructure already overstretched, their presence could affect external financing of island economies.

Many eastern Caribbean governments have complained repeatedly and bitterly about the tendency of international financial institutions and aid agencies, applying per capita income criteria, to place their countries outside the category of those entitled to cheap loans. The presence of a few well-heeled economic citizens could push the island economies even further away from soft-money windows.

Haiti PM lays down conditions to quit

HAITI'S military-backed prime minister has said he will resign to make way for democracy, but has also laid out conditions that would further delay President Jean-Bertrand Aristide's return, AP reports from Port-au-Prince.

Prime Minister Marc Bazin's statement came immediately after Mr Dante Caputo, UN special envoy, put forward proposals to end the country's 18-month-old political crisis.

Mr Caputo suggested a blanket amnesty to the leaders of the September 1991 coup if they made way for an Aristide-approved government. The plan is strongly supported by the Clinton administration.

Mr Bazin said he would resign as soon as Mr Aristide had designated a new cabinet leader, but the new prime minister should be subject to approval by the army, the two main parliamentary groups, and business, community and church leaders.

UK union pact with Teamsters

Britain's Transport and General Workers Union yesterday signed what it called an historic agreement with the International Brotherhood of Teamsters of the US, writes Robert Taylor.

The TGWU said the two unions would consult about developing a co-ordinated approach toward the United Parcel Service company.

The co-operation agreement would also cover an exchange of information and educational facilities but concentrate on developing common interests in global transport.

"As capital becomes more internationally mobile, so must organisations of labour co-ordinate their work across national boundaries", said Mr Bill Morris, TGWU general secretary.

Florio: seeking second term

Unpopular governor asks for more time

By Jurek Martin in Washington

GOVERNOR Jim Florio of New Jersey has given encouragement this week to all incumbent politicians who have plumbed the depths of unpopularity while in office. He announced that he will seek re-election in November to a second term.

The east coast Democrat is by no means sure of success. Most state polls show him behind, or level with, two prominent Republicans, Mrs Christine Todd Whitman and Mr Carey Edwards. Both have recently been saddled with another contemporary US problem, failure to pay taxes on their domestic staff.

But the fact that the governor is now given a fighting chance has made him very much the Easter week candidate, for few politicians have ever been declared so politically dead, so often, as has the 55-year-old Mr Florio.

If he recovers and wins in the autumn, then many others who had fallen on hard times through their attempts to impose fiscal disciplines on their states may take heart. Among them are Mr Pete Wilson, Republican governor of California, and even Mr Mario Cuomo, Democratic governor of New York and no longer a candidate for the next vacancy on the US Supreme Court.

Mr Florio, elected in 1989 by a landslide, had seemed the quintessential victim of the Republican era of revulsion to higher taxes. He immediately pushed through the state legislature, then in Democratic hands, a $2.8bn tax increase, plus other controversial measures covering education, insurance and gun control.

Political retribution was immediate. Within two years the legislature was in Republican hands and the state's most popular politician, Democratic Senator Bill Bradley, nearly lost his re-election bid to Mrs Whitman because of his association with Mr Florio.

However, in recent months a recovery seems to have been under way in the state economy and in the governor's fortunes. A victory was recorded this year when the legislature withstood great pressure from the National Rifle Association (NRA) and refused to override his veto of attempts to eviscerate his tough gun control law.

The fact that Mr Florio has recruited Mr James Carville, President Bill Clinton's strategic mastermind last year, to direct his re-election effort is considered important. The "ragin' Cajun", who also engineered the stunning Pennsylvania Senate by-election victory in 1991 by Mr Harris Wofford, the Democratic longshot, is the hottest political adviser in the US at present.

In declaring his candidacy this week, Mr Florio sought to cast himself, not unlike Mr Clinton, as a man unafraid to take tough decisions in difficult times. Also borrowing from earlier in the president's political career, he said he had learned in his first term "to talk less and listen more". Mr Clinton lost his first bid for re-election as governor of Arkansas largely because he had tried to push through a series of measures considered too radical by his state.

NEWS: WORLD TRADE

No firm dates offered for EC membership

E Europe urged to renew ex-Soviet ties

By Lionel Barber in Copenhagen

EC member states yesterday urged central and east European countries to rebuild commercial ties with the former Soviet republics to strengthen trade liberalisation in Europe.

The call came at the end of a two-day international conference in Copenhagen, but several delegations cautioned that greater regional co-operation in the east should not be a substitute for improved market access to western Europe and eventual EC membership.

Mr Geza Jeszenszky, Hungarian foreign affairs minister who emerged as the champion of the former communist countries in eastern Europe, said: "This is not a bad idea. But it only makes sense if integration goes ahead with western Europe."

A free trade zone in east Europe would complement existing efforts to cut barriers between Poland, the Czech republic, Hungary and Slovakia – the so-called Visegrad Four. But it remains politically sensitive as east European countries fear being pushed back towards markets in Russia and the former Soviet Union.

The Copenhagen meeting was organised by the Danish government to discuss how best to foster economic development and political stability in central and eastern Europe. In addition to delegates from the 12 EC countries and the Visegrad Four were members of the European Free Trade Area, the Baltic states, Bulgaria, Romania and Slovenia. Russia was not represented.

The conference highlighted the contradiction between western European countries' political desire to help the former communist countries and the economic reality of recession, which has made them reluctant to offer generous concessions on market access.

Despite misgivings among free trade-minded countries such as the UK, Denmark, Switzerland and the Nordic states, the final communiqué avoided concrete offers on market access. It noted only that the EC and Efta, among others, had an important role in opening markets progressively "on a mutually advantageous basis".

However, Sir Leon Brittan, EC trade commissioner, suggested the conference could increase political support for faster moves to open the EC's markets to central and east European imports. The issue is to be considered at the EC summit in June.

At present the EC has struck association agreements with six east European countries, including the Visegrad Four, Romania and Bulgaria. These provide for progressive dismantling of trade barriers, but contain restrictions on sensitive items such as agriculture, textiles and steel – all of which remain key export earners in eastern Europe.

The conference, which was non-binding, did not offer a firm date for EC membership for Poland, the Czech republic, Hungary and Slovakia. Mr Niels Helveg Petersen, Danish foreign minister, spoke of a "clear perspective" on membership but added: "It makes no sense to set a time. It can't be done. It would not help."

Miyazawa confident of import rise

By Michiyo Nakamoto in Tokyo

MR Kiichi Miyazawa, Japanese prime minister, leaves Tokyo today for Washington, confident that the $117bn domestic economic package announced on Tuesday, and the benefits it will have in increasing domestic demand for imports, is sufficient to soothe US concerns about its $46bn merchandise trade deficit with Japan.

But he will not, by all official accounts, be bringing a new trade initiative to his first meeting with President Bill Clinton. The latter will have to be satisfied, for the time being, with a stimulant package designed to lift the Japanese economy out of its doldrums and thereby help boost world growth, and with a Japanese willingness to lend an attentive ear to any US ideas on how Japan might help reduce its massive trade surplus.

Mr Miyazawa will convey his belief to Mr Clinton that the package will put the Japanese economy firmly on the road to recovery and that such macroeconomic measures are the proper way to address the nagging problem of the two countries' trade imbalance. The lift that the new measures will give to imports is estimated by Japan's ministry of international trade and industry at more than $8bn.

Also, the package includes government procurement of many products in which the US is competitive, such as medical equipment and computers.

Mr Miyazawa may find, however, that US enthusiasm for Japan's efforts is not quite what he had expected. US government officials now in Tokyo, for the meeting of G7 foreign and finance ministers, have shown a measured response to the economic package.

Mr Lloyd Bentsen, US treasury secretary, while acknowledging Japan's recent efforts to reduce the deficit, suggested that the US expects more. He stressed the need for continued stimulation and increasing demand, calling the economic package "a step forward – but you need to look beyond the headlines."

Mr Clinton is unlikely to be pleasantly surprised by a Japanese proposal on addressing sectoral issues. Japan has repeatedly stated that it will not discuss quantitative market-opening targets, which are favoured by US officials as a means to reduce the trade deficit with Japan.

However, leading trade officials in Tokyo indicate that, targets aside, they are prepared to be flexible towards any proposals the US has on trade issues, including the setting-up of a new forum for discussing bilateral issues.

Nancy Dunne adds from Washington: In an effort to boost sales of US auto parts in Japan, the US Commerce Department and Japan's Miti will sponsor a two-day conference on June 2-3 at Dearborn, Michigan. The aim is to lift sales to $19bn in 1994. In 1991, the US sold some $10.5bn of auto parts to Japan.

US parts producers have complained that they are being discriminated against by Japanese companies manufacturing in the US.

The conference will bring together senior Japanese auto executives and US parts suppliers to discuss Japanese procurement practices and future opportunities for the sale of US auto parts in Japan.

US-Canada disputes cloud Nafta talks

By Nancy Dunne in Washington

US, CANADIAN and Mexican officials have started a series of negotiations on side agreements to complete the North American Free Trade Agreement.

At the same time, however, US legislators were raising doubts about the binational dispute settlement mechanism already operating between the US and Canada.

The US National Pork Producers' Council warned that a decision against their group by a binational appeals panel, the extraordinary challenge committee, has "cast a shadow over the entire binational panel process" set up under the US-Canada free trade pact.

The three-member committee ruled that, while a lower binational panel, which ruled against the US, "may have erred" in its interpretation of a US Commerce Department application of the countervailing duty law, "on balance the committee was not persuaded that the panel failed to apply the properly articulated standard of review."

"The committee itself said the panel may be wrong," said Mr Karl Johnson, president of the pork producers. "Why have the extraordinary challenge committee process at all if a binational panel's blatant flaws cannot be overturned?"

One issue was a decision by the original binational panel to refuse documents from the Commerce Department which were alleged to have shown how Canadian subsidies support the pork industry there.

The committee said the refusal was "somewhat surprising", in that a previous panel had ruled against the US on the grounds that there was not substantial evidence shown to support a Commerce decision.

US parties have not done well in the binational process, according to Ms Joanna McIntosh, one of the attorneys for the pork council.

Of the 10 cases brought concerning US agency determinations, six have gone against the US and three ended with no improvement – the US side has won just once.

More than a third of the US Senate wrote to President Clinton in January, warning that a negative decision in the pork case "could have grave implications for pending cases".

Glynn Genin

Boeing's production line for 767 which it hopes China will buy

Boeing looks for more lift from Chinese orders

By Daniel Green in London and Lynne Curry in Beijing

BOEING is trying to follow last week's $800m aircraft sale to China with further orders of a similar size.

The Clinton administration is nearing a decision on its Most Favoured Nation status trade policy toward China at a time when the soaring US trade deficit with China remains an intractable problem. Losing MFN status would make imports more expensive, and China sees aircraft purchases as a way of buying political goodwill.

Boeing, too, has a strategic need to sell to China. While loss-making western airlines are cancelling orders, China has the world's fastest growing aviation market. Air travel rose last year by about 30 per cent, and there has been a surge of smaller regional airlines. Over the next decade, experts forecast China will need 50 aircraft a year to meet passenger demand.

That demand has already led to a series of orders by Beijing for Boeings. The $800m contract was for 20 737-300 aircraft and one 757-200.

Boeing is hoping Beijing will now buy wide-bodied 767 aircraft, which can carry 260 passengers, as well as its yet-to-be launched longer range 777 aircraft, which seat 380 people.

This is not the first time Beijing has sought to use aircraft buying as political leverage. With its recent purchase of 12 Airbuses and options for more through Germany, it showed it could bypass France, the headquarters of Airbus. China has attempted to blacklist French manufacturers in retaliation for the sale of Mirage jets to Taiwan last year.

Both Airbus and Boeing want Chinese sales to plug the gap in aircraft deliveries over the next 2-3 years until profits at western airlines recover. The stage is set for a tough battle for one of the world's few fast growing markets, but the winner could emerge through a political decision in Washington in June.

● Finnair, the loss-making Finnish national airline, has taken a step towards replacing its 44-strong fleet of McDonnell Douglas and Airbus aircraft with Boeings by the end of the decade, Hugh Carnegy writes from Stockholm.

The airline, 70 per cent state-owned, said it had signed a letter of intent with Boeing and International Lease Finance Corporation to restructure the fleet based on the Boeing 767 long-haul and 737 short-haul families of aircraft. Discussions would be completed within three months after which Finnair would decide whether to proceed.

EC brushes aside French doubts on Japan car pact

THE European Commission yesterday played down the significance of French concern about the recent EC-Japan deal on exports of Japanese vehicles to the Community during 1993, writes Andrew Hill in Brussels.

Mr Gérard Longuet, French industry minister, and Mr Alain Lamassoure, minister for European affairs, have written to Mr Martin Bangemann, the EC industry commissioner, expressing worries about the deal, which should lead to a 9.4 per cent drop in the number of Japanese cars and vans exported to the EC this year.

The Commission has not yet received the letter, but officials said yesterday they believed the concerns were mainly "technical".


It's not just British gas
we're discovering.

Bank chief says he cannot do without corporate jets

Attali defends EBRD spending on aircraft

By Robert Peston and Daniel Green

MR JACQUES Attali, President of the European Bank for Reconstruction and Development, has rejected claims that the London-based bank had spent excessive sums on hiring executive jets.

Mr Attali, who is facing mounting criticism over internal spending at the bank, said it would be impossible for him to do his job without the use of private jets.

"I am sorry, I cannot do without it", he said in a recent interview. Such aircraft were needed, he claimed, for trips which were incompatible with commercial airline schedules.

He gave an example of his schedule from 25 March to 29 March, when he flew from a meeting with the Prince of Wales, who was inaugurating the bank's head office, to Bucharest in Romania, for an environmental meeting. Then he went to Paris and from there to Hamburg. Finally he flew to Moscow where he had breakfast on the 29th with Mr Boris Federov, the Russian Deputy Prime Minister.

Mr Pierre Pissaloux, budget director at the EBRD, said that he is careful to keep the cost of renting jets under control. Each time Mr Attali needs an aircraft, three charter companies are asked to submit bids.

The bank recognises that expenditure on the aircraft is a sensitive issue. So each three months, Mr Pissaloux, tells the chairman of the bank's audit committee how much Mr Attali has spent on jets and other items in the previous quarter.

Jacques Attali: denies jet charters were extravagant

"We desire to be entirely transparent," Mr Pissaloux says.

Chartering a private jet is an expensive business – the EBRD spent £600,000 on renting private aircraft last year and is budgeting to spend up to £400,000 this year.

Even a small Learjet, seating three or four people comfortably, would cost around £2,000 an hour to charter.

The bank recently called for tender offers for a chartered Learjet from at least one London area air charterer.

It also wanted details on the British Aerospace 125 jet, which can carry six or seven people in luxury but costs about £3,000 an hour to charter.

One air broker yesterday described the BAe 125 as "the Rolls-Royce of private aircraft" and the Learjet as "the Mercedes".

Private jet charter is a business that thrives on secrecy as much as economics. Corporate dealmakers like to own or charter private jets to conceal their movements from potential rivals who may monitor the public areas of airports.

Mr Brian Wigham of consultancy, International Bureau of Aviation, says that private charterers buy "convenience and security".

Air charter brokers justify the costs of chartering by calculating the hourly worth of a top executive to an employer. Against a deal worth millions, the cost of a charter is small.

British Airways uses similar arguments on the price of a ticket on Concorde. At more than £5,000 for a return flight between London and New York, it is more than twice the price of a first class ticket.

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Government refuses to change oil tax plans

By David Lascelles, Resources Editor

THE government yesterday stood firm on its controversial reforms of North Sea oil taxation, confirming in the Finance Bill that it would not yield to industry pressure to change the proposals put forward in the budget last month.

Under the bill, the rate of Petroleum Revenue Tax (PRT) will be reduced from 75 per cent to 50 per cent on existing oil and gas fields, and abolished on those given government consent after the budget.

For new fields, however, current rules which allow oil companies to set new exploration and development costs against profits from existing fields are also to be abolished. Transitional arrangements are proposed to cushion the changes: contracts entered into before the budget will continue to be eligible for relief for two years.

The tax reforms were said by Mr Norman Lamont, chancellor of the exchequer, to be necessary to encourage oil companies to become more efficient in both drilling for oil and gas, and extracting it.

The existing rules were "anachronistic", he said, and belonged to a time when oil prices were high and the typical oilfield was very large. The changes would transform what was effectively a tax subsidy for oil explorers to a revenue earner for the Treasury: the yield in 1994-95 would be £300m and in 1995-96 £400m.

Mr Lamont's proposals have already been welcomed by large North Sea operators like BP which maintain that the old tax regime discriminates against large producers.

But they were strongly opposed by exploration companies who claimed the new taxes would discourage drilling and cost thousands of jobs.

Although some oil companies said yesterday they were disappointed by the bill, they pointed out that further changes might still be possible as the oil lobby gears up to influence the debate.

The UK Offshore Operators Association (UKOOA) which earlier warned that the changes would "put a substantial burden on the industry" declined to comment on the Finance Bill yesterday. A spokesman said the association would be discussing its contents with members.

Manufacturing output grows 1.2%

By Emma Tucker, Philip Stephens and Michael Cassell

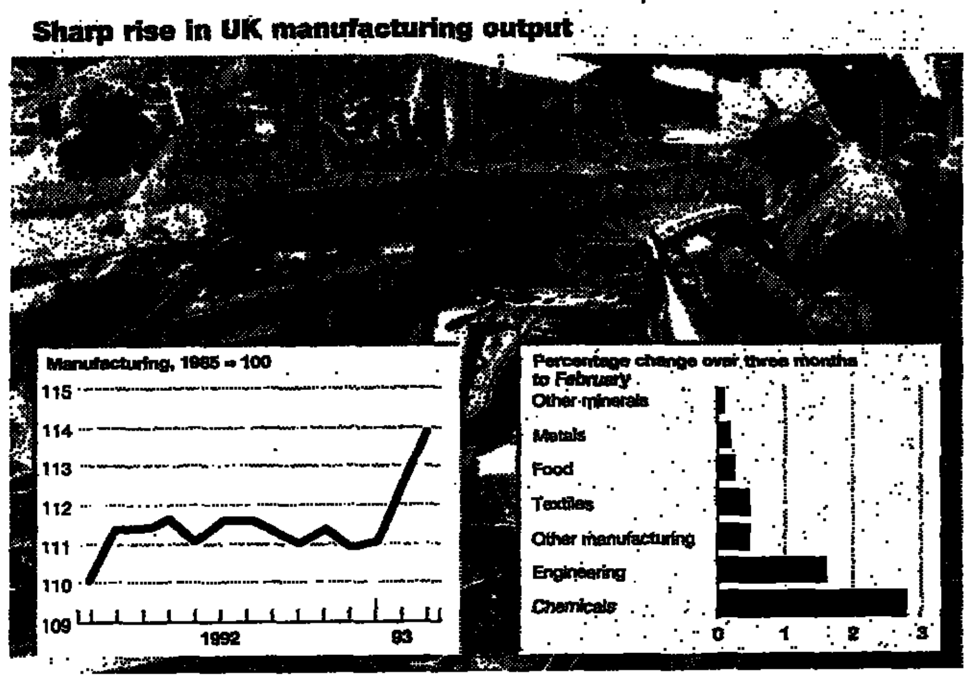
FRESH EVIDENCE that the UK is emerging from recession came yesterday with news that manufacturing output increased sharply in February.

Output rose by 1.2 per cent compared with January, the third successive monthly increase. The rise took manufacturing output to its highest levels for 18 months and prompted the government to come close to an official declaration that the economic recession has ended.

The Central Statistical Office figures brought an unequivocal assessment from 10 Downing Street that the recession was over. A senior official said it was now clear that "we have a much more broadly-based recovery".

Optimism about the economy was reflected in British Steel's decision yesterday to announce a second round of price increases for the year. Price rises announced in January and implemented in recent weeks have been accepted by customers and fully implemented, unlike last year when they failed to stick.

The up-beat news on the economy was underlined by a report from the Confederation of British Industry and Coopers & Lybrand. This found business confidence in the financial services industries has "strengthened markedly" for the second successive quarter. Business volumes have fallen back slightly compared with the previous quarter, but the rate of decline was slowing, said the report.



On the foreign exchanges, the much better than expected industrial production figures prompted a 1½ pfennig rise in the pound against the D-Mark, although sterling fell back later to close just ¾ of a pfennig higher at DM2.4700. The figures failed, however, to inspire share prices. The FT-SE 100 share index closed down 4.7 lower at 2,842.1.

The sharp month-on-month rise in manufacturing output was backed by a sustained rise over the three months to February, a measure which gives a better picture of underlying trends. According to the seasonally adjusted figures from the CSO, manufacturing output rose by 1.2 per cent in the three months to February, compared with the previous three months. Compared with the same period a year ago, output was 1.5 per cent higher.

The increases were broadly based across all seven categories of manufacturing industry, with the strongest growth occurring in the chemicals and engineering industries. Energy output was 2.1 per cent lower in the three months to February, mainly because storms disrupted oil production.

Speaking in Tokyo at the G7 meeting, Mr Norman Lamont, chancellor of the exchequer, said the figures were "excellent".

"Provided costs are kept under firm control – and yesterday's producer price figures suggest they are – the prospects for manufacturing over the coming months are very bright indeed," he said.

British Steel, which reported modest increases in sales over the last six weeks said it would raise prices for strip products by up to 9 per cent in July. Although the latest increases will add to fears about renewed inflationary pressures, the company stressed that since 1990 steel prices had fallen by up to 35 per cent. The rises were only a step towards restoring still inadequate levels of return, it added.

Economic viewpoint, Page 14

Criticism of EC bill escalates

CRITICISM of British legislation to ratify the Maastricht treaty escalated yesterday as MPs complained that chaotic management of the bill's passage through parliament has left them ignorant of which amendments they should be voting on, writes David Owen.

On the eve of the measure's return to the Commons, Mr Peter Shore, the veteran Labour Euro-sceptic, called on Mr Michael Morris, deputy speaker, to clarify the position as early as possible when today's debate gets under way.

Mr Shore said he would be adding his voice to cross-party calls for Mr Morris to reconsider a decision not to allow a vote on Labour's amendment 27 – which would remove the protocol containing Britain's opt-out from Maastricht's social chapter.

Mr Jack Cunningham, Labours chief foreign affairs spokesman, was last night due to see Mr Morris in person to plead the case for a vote.

If the deputy speaker did reverse his decision, the vote – which could deal a severe blow to the government – would probably come later tonight.

If he sticks to his guns, there would be a vote on a separate Labour clause to prevent powers being transferred under the bill until MPs had decided whether the social chapter should apply to the UK.

Defiant Tory rebels were expected to meet to discuss tactics today before the committee stage resumed.

Daf team in talks with receivers

By Kevin Done, Motor Industry Correspondent

THE management team trying to acquire the Leyland Daf truck assembly plant at Leyland, Lancashire, has started formal negotiations with the administrative receivers.

Mr John Gilchrist, who is leading the buy-out team, said yesterday "a number of offers of funding support" had been received from leading financial institutions.

The MBO team has also received a letter of intent from Daf Trucks in the Netherlands for the supply of its UK-built range of Leyland Daf light trucks to the Dutch company's European dealer network.

The team is also negotiating with the receivers on behalf of Lancashire County Council, which wants Lancashire Enterprises, its economic development agency, to develop the Leyland site as a business and high technology park.

The MBO team is seeking to secure the use of the truck assembly plant itself, but the remainder of the 230 acre site contains other industrial buildings including the Leyland components plant and the Leyland Daf headquarters building, Lancaster House.

Mr Gilchrist said the joint bid would give the truck business a future and contribute to the regeneration of the Leyland site. The bid from the management buy-out team was in its final stages. Negotiations were expected to continue for several days, but it was hoped that agreement could be reached by the end of the month.

Britain faces rail strike as talks collapse

By Robert Taylor, Labour Correspondent

BRITAIN'S state railway network will be closed tomorrow with a second 24 hour strike after the breakdown of talks between British Rail and the main rail union the RMT last night.

Hopes of a settlement of the dispute – over union demands of guarantees for no future compulsory redundancies and use of contract labour – faded during the course of the day as attitudes hardened.

There is now the grim prospect of an escalation in the conflict. British Rail chairman Sir Bob Reid has warned he will take retaliatory action against the unions if they go ahead with the stoppage. BR is set to lose a further £10m gross and freight business contracts worth £1bn are at risk as a result of tomorrow's stoppage.

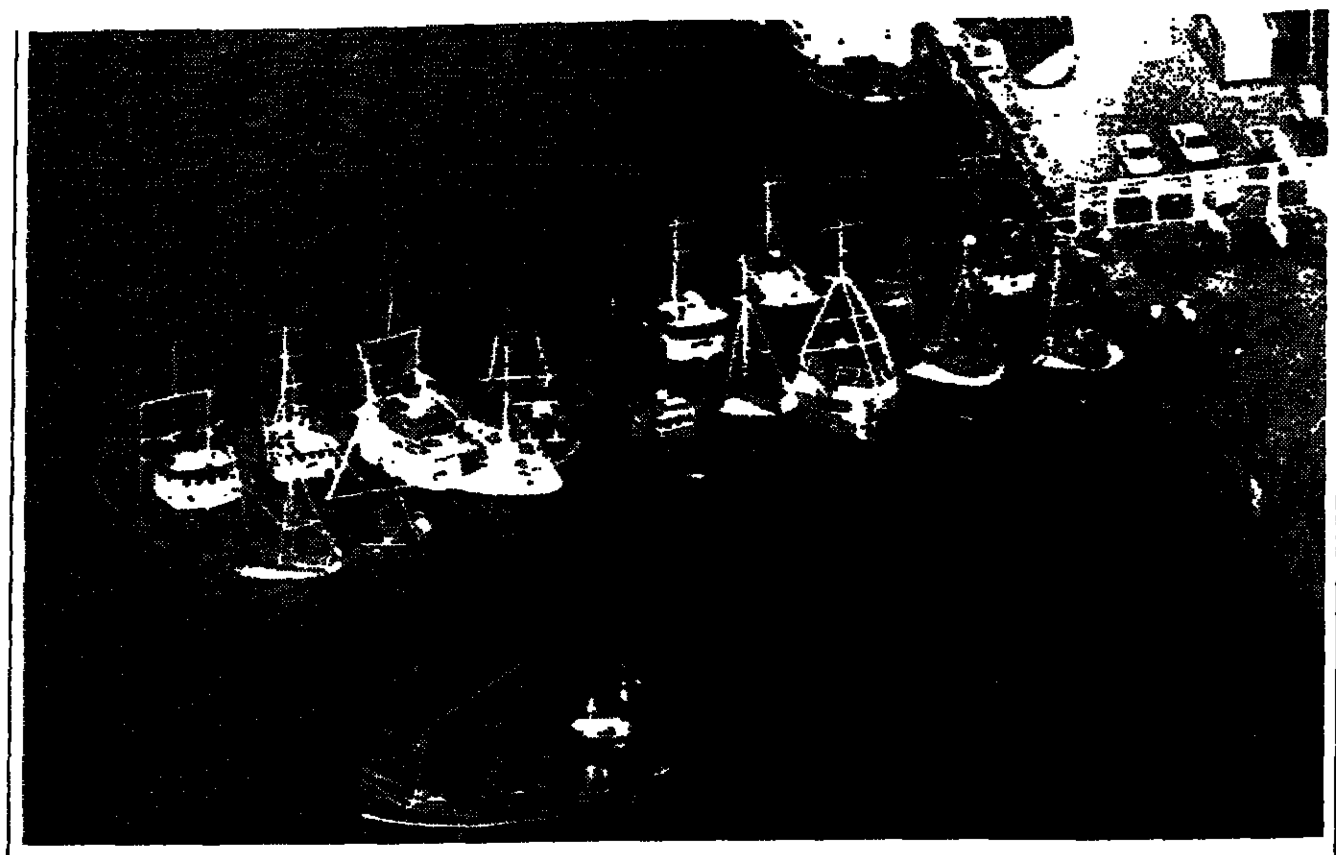
Hopes the stoppage could be averted grew briefly after BR admitted yesterday that there could be no compulsory redundancies in the railway industry – the point of dispute.

The admission, which stems from an agreement signed eight years ago, emerged as talks resumed to try and resolve the dispute over the threatened strike.

BR produced a 1985 agreement with the rail unions to back up their claim that the dispute was not about compulsory redundancies as the rail unions have claimed.

The agreement, a copy of which they released yesterday, provided assurances that no rail staff would lose their jobs provided they "accept an offer of alternative employment which might involve a change of work or might require them to move to another place of employment".

The more difficult issue concerns the use of contract work on the railways as the network is privatised. At present around 40 per cent of track maintenance work is done under contract. BR has told the RMT nobody will be made compulsorily redundant as a result of contracting out work but if necessary they would redeployed to other work.



THE Mersey estuary in north west England became the target yesterday of the third river blockade in less than a month by fishermen campaigning against the government's fisheries policy, writes Chris Tighe.

The six-hour blockade by more than 30 trawlers of the estuary (above), which provides access to the ports of Liverpool, Garston and Manchester, provided the fishermen with further publicity for their campaign against cheap fish imports and the new Sea Fish Conservation Act, which will restrict the number of days they can go to sea.

Blockade organiser Mr Bill Madine predicted afterwards that a meeting this Saturday of the executive committee of the National Federation of Fishermen's Organisations, representing most fishermen in England and Wales, is likely to back further action.

A government spokesman denied its resolve was melting; moves to conserve fish stocks would continue, he said. "The best way is to bring in conservation measures which, unfortunately for the fishermen, includes restriction on days at sea, a decommissioning scheme and other technical conservation measures."

Britain in brief

Orimulsion imports set to continue

BP Bitor, the sole importer of Orimulsion to the UK, is expecting to keep sales at existing levels during the next few years, casting doubts on government assertions that consumption of the bitumen-based fuel is likely to fall.

Mr Stuart Johnston, BP Bitor commercial director, says the company aims for sales to continue at about 1.3m to 1.5m tonnes a year for the next few years and hopes to increase beyond that by the end of the century.

The ambitions of BT Bitor, a joint venture between BP and Petoleos de Venezuela, will cause concern at British Coal which is already struggling to find a future for 12 pits reprieved by the government last month. In the coal policy document, launched after the public outcry over previous pit closure plans, the government said it had been informed by the Venezuelan authorities that Orimulsion exports were likely to stay at their minimum contractual level for the foreseeable future.

Resolution bid on pit closures

British Coal seems certain to ask the High Court to resolve a dispute over 10 pits earmarked for early closure unless three of its four main unions have a change of heart in the next few days.

Following a High Court ruling that its original closure plans were illegal, the corporation has given the unions until today to respond to its latest proposal on consultation procedures.

This involves the appointment of a single scrutineer to study all closures "in a single procedure", rather than each one individually, as suggested by the National Union of Mineworkers.

Thomas Cook joins fare war

Thomas Cook, one of Britain's biggest travel agents, gave a new twist to the business air fares war by offering yet bigger savings to its corporate clients in exchange for a fee.

Mr Bill Kirkwood, sales and marketing director, suggested that savings of up to 40 per cent were possible on corporate travel bell. He said, however, that this would eat into the agency's traditional income, derived from a 9 per cent commission on the price of an air ticket.

Labour targets unemployment

Unemployment has risen five times faster in Conservative-controlled counties than their Labour counterparts, the opposition party claimed as it opened a fresh line of attack in its local election campaign.

Launching a survey on the "success" of Labour councils in protecting companies and jobs, Ms Harriet Harman, the party's finance spokesperson, said Labour administrations had made a difference for business despite "disastrous" Tory economic mismanagement.

The party also used a mid-campaign press conference to reinforce its principal election message that Labour councils provided better services and cost local taxpayers less.

Expectations on inflation fall

Expectations about inflation have fallen since the start of the year, according to the Treasury's monthly monetary report released yesterday. The report says there are "continuing downward pressures on inflation" in spite of signs of stronger economic demand.

The recent growth in M0, the narrow measure of the money supply, indicates the 4 percentage point drop in interest rates since September "is having an increasing impact on spending," according to the report.

Undertaking on timeshare

The Office of Fair Trading has received written undertakings from two businessmen involved in the collapsed Club Riviera timeshare company that they will abide by various consumer protection laws.

Sir Bryan Carsberg, director general of the OFT, said yesterday the future conduct under the Fair Trading Act of Mr Simon Clarke and Mr Lawrence Werner would be "carefully" monitored.

Club Riviera was compulsorily wound up in the High Court on February 3 this year. In July 1992 the OFT revoked the company's consumer credit licences, the first time the OFT had taken such action against a timeshare company.

Business advice centre decision

The government has decided on the locations of 16 pilot one-stop business advice centres which will form the core of a national network of 200 "one-stop shops." A disproportionately large number are in north-west England and the Midlands.

Mr Michael Heseltine, trade and industry secretary, is expected to announce the names of six areas which have successfully tendered to operate a "one-stop shop". Nine will be granted official recognition if they modify their business plans and a special case, central London, which will receive additional funds to carry out further development work. The six areas likely to be awarded one-stop shops are South and East Cheshire, Manchester, Birmingham, Hertfordshire, Tyneside and Warrington.

British Sherry changes name

"British Sherry" is to be called Fortified British Wine from the end of 1995, the British Wine Producers' Committee has decided.

Disagreement over the name almost reached the European Court of Justice last year. Spain argued that UK excise duties were used illegally to discriminate in favour of British sherry, which contains less alcohol than the Spanish variety.

Spain dropped the court action when the Government promised to stop calling the British product "sherry" after 1995, and to reduce the duty difference to 25 per cent by the end of 1996.

Tide power scheme studied

Tidemills to harness fast-flowing sea currents around the coast could supply almost one fifth of the UK's electricity needs, says a report commissioned by the Department of Trade and Industry.

The report, by a group led by Engineering and Power Development Consultants, a subsidiary of Balfour Beatty, the civil engineering group, says the main potential for "tidal stream energy" lies in the Pentland Firth, between the Scottish mainland and Orkney – where tidal currents can run at up to 12mph – and around the Channel Islands in the English Channel.

The Pentland Firth alone could supply three times as much electricity as hydro-electric power stations, at present Britain's biggest source of renewable energy, with 1,000MW of installed capacity.

Accommodation for rail strike

InterCity, the high speed division of British Rail, is offering commuters facing disruption in Friday's rail strike overnight accommodation in its sleeper carriages.

Rather than see its fleet of 125 Pullmans standing idle at Paddington station, InterCity is offering sleeper accommodation for commuters tonight and tomorrow. Cost is £20 a night for a shared cabin and £30 a night for a single cabin.

Movie diner scraps sharks

Plans for a shark tank at London's Planet Hollywood restaurant have been scrapped after architects found the fish too unreliable.

The theme restaurant, due to open in the West End on May 17, includes exhibits from movies Terminator 2, Rocky and the handcuffs from 9½ Weeks, but architects Blair Eastwick abandoned plans for a live shark exhibit. "Baby sharks cost a small fortune and you have no guarantee of an extended lifetime with those fish," said a spokesman.

Visitors to the London diner will enter the James Bond room through a gun barrel. The 20,000 square foot project is the fourth member of the international chain with outlets in Los Angeles, New York and Cancun, Mexico. Actors Bruce Willis, Sylvester Stallone and Arnold Schwarzenegger are expected to visit London to open the new venture.

MANAGEMENT: MARKETING AND ADVERTISING

Nicole Dickenson looks at a growing consumer trend

Catering for the ethical shopper

Companies have long responded to green consciousness by making concern for the environment an important business objective. But a growing number of consumers claim to base their purchasing decisions on a much wider range of ethical issues.

David Grayson, managing director of the business strategy group at Business in the Community, uses the term vigilante consumer, coined by US trend-spotter Faith Popcorn, to describe consumers who are not just interested in the products or services they buy but the behaviour of the company behind the brand and the way the product or service is developed.

Vigilante consumers are a powerful force in the US, where the Council of Economic Priorities, a consumer group, has sold over 4m copies of its booklet *Shopping For a Better World*. This lists companies which have scored top marks on their record on issues ranging from animal testing to links with South Africa. The UK edition launched by the publishing house New Consumer in September 1991 has sold just 7,662 copies. But Grayson asserts that these consumers are a growing and vocal minority. A Mori survey showed that the number of consumers who rated a company's activities in the community as very important has grown from 33 per cent in 1991 to 35 per cent in 1992.

Sceptics say there are already signs that the prolonged recession has blunted the impact of green consumers. But proponents of the vigilante consumer argument maintain that ethical concerns will become integral to corporate decision-making in the 1990s.

Grand Metropolitan has long taken the view that corporate ethics affect consumers' purchasing decisions. Its public policy issues scan system in the US – a forward-looking data base of consumer concerns – tracks a wide range of issues that go beyond the food and drink industry. The most pertinent issues that are likely to arise in the next three to five years are sent to Grand Met's operating companies to assess their likely impact. Managers then decide whether to change policy, lobby government or direct efforts into re-educating the public.

Raymond Krause, senior vice-president of government and community affairs at Grand Met, believes the company's system is more sophisticated than its rivals. It is also expensive – updating the data every three years can cost $1m (£662,000) – but Krause claims there is a tangible benefit. He points to Grand Met subsidiary Green Giant which identified in 1989 that the use of CFCs in freezing vegetables was a legitimate issue of public concern. It began phasing them out that year before individual states imposed taxes on their use and public concern reached fever pitch.

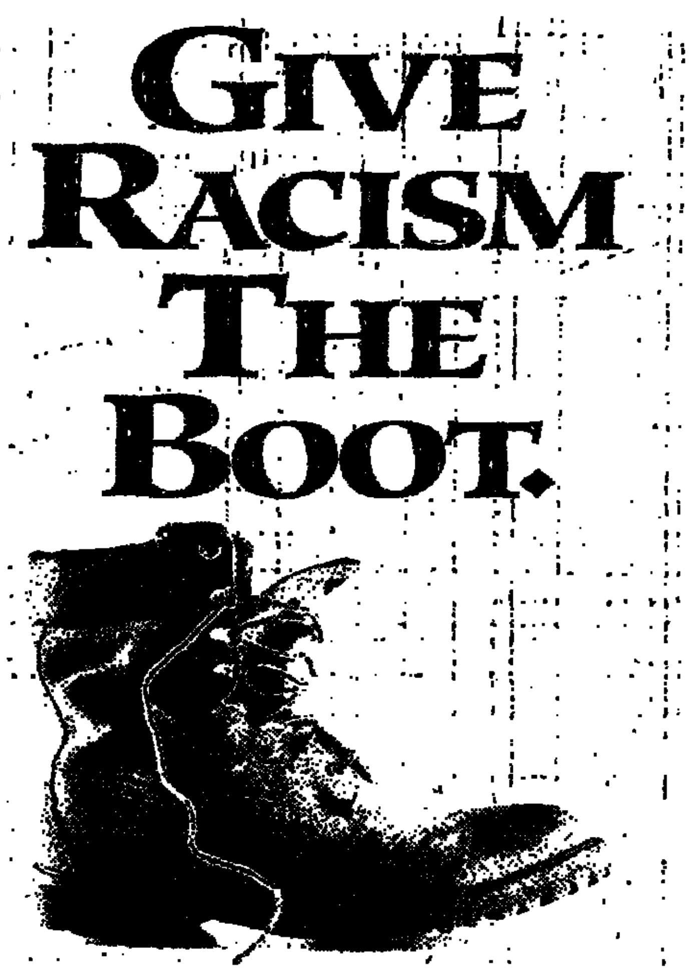
Levi Strauss, the jeans manufacturer, believes companies must scrutinise their business practices and those of their suppliers, retailers and business partners. Last year Levi issued global sourcing guidelines setting out new terms of engagement with suppliers and retailers, excluding those operating in countries with "oppressive" regimes.

The same principle is being tentatively taken up by Premier Beverages, a division of Premier Brands. Last year the company became aware of growing public and staff concern over the employment policies of its tea suppliers. In February Premier Beverages launched its fair trade initiative of selecting plantations on social and environmental criteria and placed the "Caring for tea and our tea pickers" logo on all Typhoo tea packaging.

Dragon International, a London-based marketing design consultancy, says consumers are often unaware of companies' ethical policies, and that responsible companies can benefit from promoting their good deeds.

Last December, Timberland, the shoe manufacturer, ran an advertising campaign against racism in the US and Germany in partnership with charitable bodies. In the US, Timberland linked up with Boston-based organisation City Year which is campaigning for the public to help regenerate inner cities. The press ads did not just publicise Timberland's stance on racism but encouraged consumer support for the City Year project. It set up a phone line manned by employees and received 300-500 calls a week.

Companies which have been the target of consumer boycotts are increasingly on the defensive. Nestlé has been the target of a long-running campaign by the International Baby Food Action Network over its practice of promoting bottle feeding in the developing world. Although Nestlé says the campaign has not had a discernible impact on UK sales, figures from market research organisation Nielsen show that Nescafe's share of the instant coffee market dipped to 40 per cent in 1992 from 41 per cent in 1991 when the Church of England Synod lent its voice to the boycott.



Timberland, the shoe manufacturer, has taken an ethical stance against racism

The sound of cheap CDs

While large music groups continue to insist their compact disc prices are fair, one Hong Kong-based company sells CDs at less than half the price and claims to be twice as profitable.

Naxos, an independent classical label, says it sold 5m CDs worldwide last year for about £4.99 each. Although there is a wide range of prices in the UK, CDs featuring well-known performers can sell for nearly three times the Naxos price.

Klaus Heymann, Naxos's founder and owner, says the secret of cheaper CDs does not lie in reducing manufacturing costs. Although the company has its headquarters in Hong Kong, it manufactures in Germany, Japan and the US.

Heymann says to reduce costs by manufacturing in lower-wage countries would hurt Naxos's sales in Asia. "The south-east Asian market will only buy CDs made in places like Japan and Europe – preferably Germany," he says. It costs 80p to manufacture a CD, even in Japan and Germany. As the large music companies never tire of pointing out, manufacturing is a small part of the cost of producing a CD.

Heymann says he has some advantages over large companies when it comes to manufacturing. The company owns no factories. It contracts out all its manufacturing. Its repertoire is classical rather than popular, so that demand is more predictable.

But Heymann says he makes savings elsewhere. He does not use well-known performers such as Luciano Pavarotti and Herbert von Karajan. Instead he searches for artists who are keen to reach a wider public. Naxos orchestras include the UK's Northern Chamber Orchestra and the Budapest Symphony. Naxos performers are paid a flat fee rather than royalties.

Naxos, unlike the large record companies, does not produce more than one version of any particular piece of music.

With staff of only eight people in Hong Kong, Heymann estimates his overhead costs are only 5p for each CD sold, compared, he says, with more than £1 for the large companies.

He sells his CDs to distributors around the world for £1.70 each. They sell them to retailers for an average of £2.78.

Heymann says that his net profit margin on sales of $20m (£13.2m) last year was 25-30 per cent.

Given public demand for well-known names and orchestras, many of Naxos's cost-savings could not be replicated by the large companies. But Heymann believes the big producers could still cut costs if they were less profligate. Naxos has no champagne signing ceremonies, he says.

"I'm not critical of the majors because of their prices," he says. "With the way they operate, they need those prices. I'm critical of the way they operate. Paying an artist a £50,000 advance for a recording that will sell 10,000 copies is crazy."

Michael Skapinker

The man who would make kings

Christina Lamb on a campaign to sell royalty to the Brazilians

Helio Bloch is a kingmaker. Not, he hastens to explain, in the metaphorical sense used for US political consultants with presidents to sell, but with a real throne in his sights.

Next Wednesday Brazilians will vote in a plebiscite on whether to restore the monarchy. Bloch, from the Rio-based Meet advertising agency, is in charge of mustering the support of those disenchanted with the 104-year-old republic. "It's the first time this century that anyone has tried to sell a real king," he says.

The plebiscite, in which Brazilians must also vote on whether to change the current presidential system to a parliamentary model, is breathing life into Brazil's recession-hit advertising industry, with three leading agencies masterminding campaigns.

Every night for the last two months monarchists, presidentialists and parliamentarians have been trying to sell their wares in a fixed 20-minute slot of free airtime to Brazil's 85m voters.

The task for their creators is more challenging than most advertising campaigns, even of a political nature, because they are not marketing a product but a concept, one that is hard to grasp by a largely uneducated population.

Bloch explains: "This is very different to traditional political campaigns where one is simply selling a new face or new platform for a party already established in the public mind. In the UK, for example, John Major could be sold as the new face of Conservatism without having to explain what being a Conservative means. I'm having to sell a whole new idea."

Although latest polls show the monarchists registering only 17 per cent of the vote, Bloch is confident. His main selling point is the success of monarchy in modern world, using Spain and Japan as examples.

Brazil's history also plays an important part in Bloch's attempts to "establish the credentials of monarchy". "Brazilians have a very good image of the last Emperor Dom Pedro II," he says. "He paid his own bills, the country had total liberty of speech and was very advanced with amongst the world's first railways and telephone systems."

Bloch's third weapon is what he calls the "collective subconscious". He explains: "Everything good in Brazil is royal, thus Pele is known as king of football, Roberto Carlos [a top singer] is the king of music and Xuxa [the leading children's presenter] is the queen of children."

With less than $1m (£662,000) at his disposal, Bloch elected to spend most of the money on short commercials, concentrating on these three points. Under the slogan "Help Brazil recover its majesty", recurring themes in these commercials are the absence of inflation and corruption during Brazil's 67-year-period as a monarchy compared with today's rapid inflation and rampant bribery.

Despite Bloch's well-acclaimed campaign, the republicans are far ahead. Surprisingly, support for presidentialism has not been dented by the corruption scandal which led to the impeachment of President Fernando Collor.

Sergio Amado from Denison, the São Paulo-based agency running the campaign, uses the national anthem and footage of important mass protests of the past to come over as the more patriotic choice. He uses the Collor scandal as a benefit of the system: "We decided we must confront the issue so we used the theme 'You the people elected him and you the people took him away'."

With more than $5m to spend, Amado hopes to get seven out of 10 votes, partly through attacks on the other systems, attacking the monarchy for slavery and blaming the disastrous experience of parliamentarianism in 1962-63 – when the country had three prime ministers in one year – for the subsequent military coup.

The big loser is parliamentarianism with a didactic campaign involving too many talking heads trying to explain the concept of parliamentarism and division of powers to a largely illiterate population. So desperate are the parliamentarians that they are offering voters the chance of another referendum after five years.

TECHNOLOGY

The humble fax machine may be costing more than most companies think. **Della Bradshaw** reports

A message about savings

In the office, at home, in the car, in a briefcase, the facsimile machine has crept into everyday life. But few companies have any policy on the way fax machines are used, or even know how much they cost to use.

"The true bottom line of running a fax machine is never known. There is no centralised control whatsoever in many companies," says Meredith Fischer, vice-president of marketing at Pitney Bowes' fax division. "It's time to start setting fax policies," she continues. If not, she warns, companies "will continue to bleed money".

Companies which have set a fax policy have noted tremendous financial savings coupled with improved management control.

CT Bowring, one of the UK's largest Lloyd's insurance and reinsurance brokers, installed a centralised fax switch from Comwave. Clement Lim, UK director of Marsh and McLennan Information Services, which owns CT Bowring, reports substantial savings – £500,000 over five years is a "conservative" estimate, he says. Nor does that take into account the tremendous increase in the number of faxes sent – up from 1.2m pages a year to 2m.

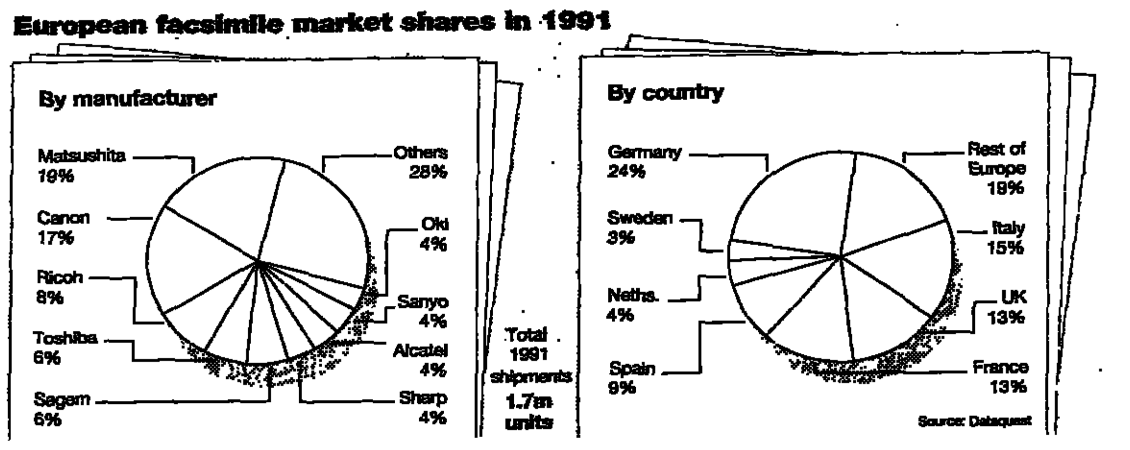
Although the boom years for fax equipment are over, the use of fax machines is spiralling upwards. A survey conducted by Gallup for Pitney-Bowes shows a remarkable surge over the past year. In 1991-92, Britain's top 1,000 companies reported sending an average 40 documents a day; this year, that figure was up to 93 documents. "Unless something fundamentally changes in the way we use fax there is really no escaping that volumes will go up," says Fischer.

Fischer argues that companies are slow to calculate the accumulating costs of faxed documents. She advocates analysing for each machine the number of pages received and sent and the proportion of those received on thermal paper which are then photocopied. "If you don't go through this process you don't know what you're spending. The numbers get so huge, everybody laughs at you."

At the most basic level, there is the decision about whether to swap cheaper thermal fax machines for machines which use photocopier paper. Recessionary times have forced down the price of plain paper faxes to around £2,000, scarcely more than thermal machines.

Savings can be made by switching to plain paper ones "in the right application", says Andrew James, consultant at BIS Strategic Decision – that is, where lots of faxes need to be photocopied if a thermal fax machine is used. Taking secretarial costs and paper into account, Fischer reckons that it costs 60p to copy each document.

European facsimile market shares in 1991



Steve Robinson, marketing manager for fax at Rank Xerox, believes that when the 1m thermal fax machines bought in the UK over the past four years are replaced, they will be ousted by plain paper machines. Such optimism is borne out by Dataquest, the IT research consultancy. "The middle market of the high-end thermal machines has been killed off," says industry analyst Jeffrey Goldberg.

Whereas 1992 saw the predomination of laser fax machines, which use laser printers to print out the document, Goldberg believes 1993 will be the year for inkjet fax machines, where tiny dots of ink are squirted on to the paper. Inkjet technology is cheaper than laser equipment, but each sheet received works out to be more expensive.

Other types of machines can produce greater savings, even if many of those are difficult to quantify. A fax card, fitted into the back of a PC, costs about £600 but enables the user to send a fax directly from the PC. There is no need to print out the document or hover over the fax machine to ensure it is sent.

Offices with larger PC networks can give users access to fax technology at their desktop. Some systems need an operator to guide each incoming fax to the correct recipient but others attach a code to the fax number to identify the individual PC.

One of the basic requirements for fax switch user CT Bowring was to have a centralised number for all faxes to prevent outsiders having to learn up to 60 different ones – for marine, aviation and so on. But many additional management controls have resulted.

The fax switch logs and saves all messages for two weeks, so that if a fax is mislaid a copy can be made. After two weeks all messages are copied on to optical disc and stored for 10 years.

"We have installed everything from mainframes to complicated PABXs. But the thanks and praise we got for installing the fax switch were out of all proportion," reports Lim. The quality of the final fax, he believes, is what really impresses CT Bowring employees.

Other advantages accrue. "Fax switches cut down maintenance costs dramatically and greatly reduce the cost of consumables [paper, toner]," reports Rank Xerox's Robinson.

However, for many companies the stand-alone fax is still the only answer. "I think we're a long way from the one PC per desk scenario, and until then there will still be a need for stand-alone faxes," points out Graham MacIntyre, fax marketing manager at Canon.

However, recognising that companies need centralised control of their fax machines in order to cut costs, manufacturers are looking at ways of controlling the desk-top machines centrally, says Keith Wright, national fax sales manager at Panasonic Business Systems.

Within the next 18 months, electronic wizardry will be available to filter out all outgoing faxes to popular locations – from the London office of a big corporation to the New York office, for example. They will then be stored and sent at off-peak times. "What happens at the moment is that these documents are sent at peak times and there's no one there to see them anyway," says Wright.

As well as using off-peak transmission times this service would cut down the length of the call because the "handshake", which takes up valuable time at the beginning and the end of a call, would only be transmitted once. The calls could also be routed via cheaper data lines, or faxes could be sent via another office – from London to San Francisco via New York – if cheaper lines could be used.

Such centralised systems would greatly reduce the need for training – for many companies training today is minimal. As Fischer puts it: "Most of the time training is left to the person who sits nearest to the machine."

Fax for advertisers

A perennial problem for advertisers is to ensure that readers, listeners or viewers of their commercials phone up for more information. Freefone telephone numbers are "instant", but they are expensive to operate.

LBC, the independent London radio station, is pioneering a service in the UK which is considerably cheaper to operate than traditional 'phone-in inquiry services and is available to anyone with a facsimile machine.

Advertisers give a fax number at the end of their commercial and supply LBC with the documents to send to listeners. When the consumer telephones the number the document is automatically transmitted.

The cost to the advertiser is £25 per week for the telephone line plus 15p per minute for the calls. "The advertisers have control of the costs," says Bob Cole, chief sales manager for LBC. "If they want to send 10 pages of information it's up to them. If they can squeeze all the information on to one sheet then it's much cheaper." The caller pays the cost of an ordinary telephone call.

The Q-fax service works because almost every fax machine in the country has a little-used function known as "polling". During the transmission of a normal fax message the transmitting machine first sends out a message giving its identity. With polling, the other machine recognises this number and then sends back the required document.

Henry Fletcher, managing director of Eurofax Communications, which offers the Q-fax service, believes it could be used to support many kinds of advertising and promotion.

Cole believes the initial interest, however, will be for business-to-business advertisers. He cites the example of financial advisers who can use the radio to advertise generic services and then send details, including all the small print, by fax. "It makes radio a much more measurable medium," he says. "It's existing technology but with a major twist."

DB

Breathing life into the oilfields

The Brent field is making world oil history, writes **James Buxton**

Shell UK rolled out the superlatives last week when it announced a £1.3bn project to extend the life of the Brent field in the North Sea. It said the project was unique, a landmark in world oil history and the biggest single project undertaken in the history of the UK North Sea, with the possible exception of the development of Brent in the first place.

The scheme, which Shell and its subcontractors have already begun, is aimed at extracting more oil and a great deal more gas from the Brent field, already the biggest combined oil and gas field in the UK North Sea. It means Brent should still be in production by about 2010, instead of closing as originally planned in 1998.

The project entails reducing the pressure in the field, by making large modifications to three of its four production platforms. Depressurising an oilfield is almost unheard of, but depressurisation is standard practice in gas fields. What is happening is that Brent is gradually being converted from an oilfield into a gasfield.

Shell UK believes this operation has been carried out on an oilfield only once before, on a tiny scale in the US. The Brent redevelopment is unique because of its scale and because it is being carried out in the notoriously hostile waters of the northern North Sea – about 120 miles off the Shetland Islands. The field will remain in production at a reduced level during the five years the work goes on.

Though the work will be carried out on the vast steel platforms, its effect will be felt in the unseen world of the hydrocarbon reservoirs, lying between 8,700 and 9,400 feet below the seabed. The two reservoirs, one above the other, consist of porous sandstone which contains oil in which gas is dissolved.

In common with most reservoirs, pressure in Brent was high when Shell began producing in 1976. This helped the oil to flow through the wells up into the platforms, but so that pressure was maintained as oil was removed, water was pumped in, a standard oilfield method known as waterflood. The high pressure locks the gas into the oil and currently the gas is separated from the oil on the platforms, which are really offshore process plants. The theory behind depressurisation is that the gas is allowed to come out of the solution of oil and gas naturally.

The first stage of depressurisation, beginning in 1997, after two of the platforms have been converted to low pressure facilities, is to stop injecting water. The reservoir pressure will begin to fall, liberating increasing amounts of dissolved gas from the oil. However, to prevent the reservoir ceasing to produce oil at all, some gas will be injected into the wells to bring the fluid up to the platforms for separation.

The second stage – deep depressurisation – will begin early in the next century. This time, pressure will be allowed to drop further by limiting the flow of water into the reservoir from the aquifer which lies underneath it.

To do this the wells and pumps which were previously used for injection will be used to extract water, supplemented by submersible pumps.

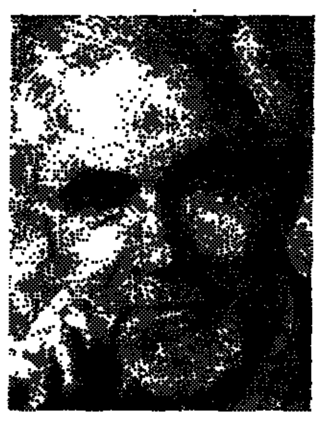
By the end of the operation in about 2010 the pressure in the reservoir should have fallen to 1,000lb per square inch (70 times atmospheric pressure at sea level) from the 5,500lbs per sq inch in 1997.

To make the operation possible the Brent Bravo, Charlie and Delta platforms will each be shut down for a year to remove redundant gas separation and compression equipment and install new process modules. Brent Alpha will be upgraded but not converted to low-pressure operation. All four will be refurbished and upgraded for longer life and new safety standards.

By the time the Brent field is abandoned, some 55 per cent of all its oil and 80 per cent of its gas should have been recovered. Brent's recoverable gas reserves should have been boosted by 1,500bn cu ft to 5,400 bn cu ft, and its recoverable oil reserves increased by 34m barrels to almost 2bn barrels, the equivalent of adding a small oilfield and a medium-sized gasfield to the UK's hydrocarbon reserves.

PEOPLE

Interventionist climbs Whitehall ladder



Taking a further step up the Whitehall career ladder is Robin Mountfield, 53, who is to become the Treasury's new deputy secretary in charge of civil service pay and management. The job provides a broad perspective of the civil service and has been used in the past to train promising mandarins for the top Whitehall role of permanent secretary.

Mountfield, who has been at the Treasury for less than a year after a 19-year stint at the DTI, is currently head of the Treasury's industry division.

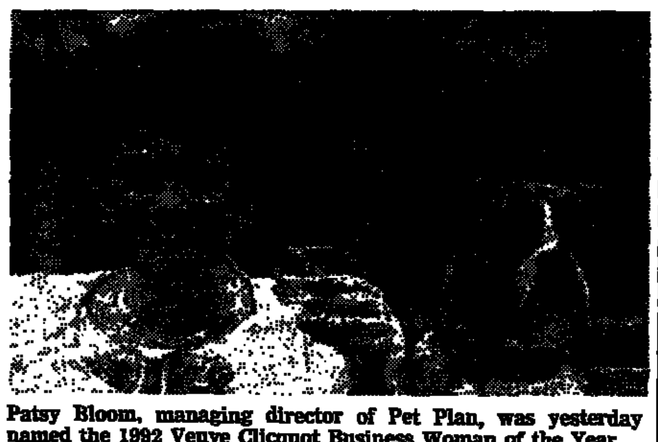
For most of his civil service career Mountfield has been known as an unashamed interventionist, who was thrilled by his 1970s job of taking the aerospace industry into state ownership. It is testimony to his flexibility of character and good nature that he continued to prosper during the *laisser faire* years of Lady Thatcher.

With the UK government now stepping up efforts to make Whitehall more sympathetic to the needs of industry, Mountfield probably feels his star is in the ascendancy. Taking over from him as head of the Treasury's industry division, which also carries the rank of deputy secretary, is Steve Robson, 49, who is currently in charge of the Treasury's public enterprises group and is an expert on public expenditure.

Mountfield replaces Michael Scholar who becomes permanent secretary at the Welsh Office. Scholar displaced Hayden Phillips, who left the Treasury to become permanent secretary at the Department of National Heritage.

■ As from the beginning of this month John Baird, Oliver Farley, Nick Gaynor, David Hutchison, Richard Millward, Jonathan Flory, Mark Hyman, Jakob Kinde, Ben Morgan, Konstantin Von Klitzing, John Ball, Mahmood Jumabhoy, Allan McKenzie, Douglas Rouse, Victor Hallé and Stephen Jack have been appointed directors of KLEINWORT BENSON Ltd.

Murray Davey, Bob Griffin and Simon White have been appointed directors of Kleinwort Benson Investment Management.



Patsy Bloom, managing director of Pet Plan, was yesterday named the 1992 Veuve Clicquot Business Woman of the Year.

Her company, which specialises in insuring small animals and horses, was set up 16 years ago with a £250 loan when Bloom discovered that no company would insure her dog. Pet Plan now holds 51 per cent of the small animal market and a large slice of the leisure horse market; the concept is franchised in Italy and Canada. Turnover has increased from £7.8m in 1989 to a projected £20m in 1992.

Previous winners of the award include Anita Roddick, founder of the Body Shop, and Ann Gloag, founder of Stagecoach.

Alas . . . poor Warwick

Colin Mayer is returning to Oxford for the second time since his undergraduate days, this time as Peter Moores professor of management studies, a flagship post for the university's new business school.

It was only at the beginning of this academic year that Mayer took up the chair of economics and finance at Warwick; but he says that the Oxford position was "made available a bit earlier" than expected. There will be some overlap in the jobs, as he has agreed to see out his responsibilities at Warwick for the next academic year as well, while formally starting in Oxford next April.

As deputy director responsible for the school's academic development, he will report to the director of the School of Management Studies, Clark Brundin. The two have crossed paths before; when Mayer read engineering science and economics, Brundin was one of the lecturers; later, when Mayer was appointed to the Warwick job, Brundin was vice-chancellor.

Of the Warwick connection, Brundin comments: "It was genuinely pure coincidence. I chaired the committee that appointed him to Warwick, but it is not proper to go headhunting in one's old institution." Instead Mayer's name was put forward by a member of the electoral board.

Mayer, 39, worked in the Treasury for two years before taking up a fellowship at St Anne's College, Oxford. More recently he was professor of corporate finance at City University. He has researched extensively into the effect of financial systems on corporate activity, and says he is shifting focus now more towards relations between companies – cross-shareholdings and the like.

Aside from research, he sees his new role as "attracting the very best academics and helping to design first-rate courses".

Oxford is now looking for a deputy director in charge of the MBA programme, at Reader level.

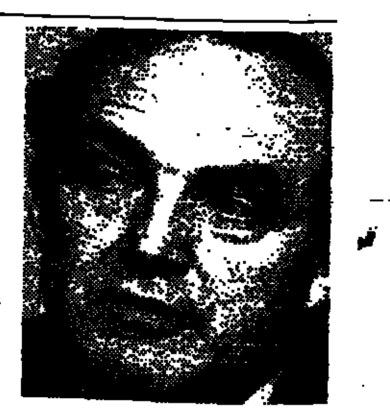
■ Keith Ward has been appointed to the new post of professor of financial strategy at Cranfield School of Management.

Murray Johnstone, the Glasgow fund manager, has reaffirmed its strong Scottish roots by appointing Royal Bank of Scotland chairman Lord Younger (right) as its investment trust figurehead.

Lord Younger, 61, a member of the George Younger brewing family and former secretary of state for Scotland, has been appointed chairman of Murray Income Trust, Murray International Trust, Murray Smaller Markets Trust and Murray Ventures, the four main trusts which are managed by Murray Johnstone and which also control the firm. He takes over from Sir Ian Denholm, 65, the Scottish shipowner, in the chair since 1985.

Nick McAndrew, Murray Johnstone's chairman, has known Lord Younger since their schooldays together. "I asked him if he would like to have a job on the west coast as well as the east coast, and he accepted," says McAndrew, who notes that Younger lives halfway between Murray Johnstone's base in Glasgow and the Royal Bank's Edinburgh headquarters.

Although it is relatively unusual for a fund manager to appoint the same chairman to all its investment trusts, McAndrew says that "it is the way we have historically done it". He did not think the practice raised any corporate governance issues and stressed that the boards of the Murray trusts were made up of independent non-executive directors. Unlike some competing trusts, his fund managers did not sit on the boards of the Murray trusts.



Cinema/**Nigel Andrews**

Dustin Hoffman versus Our Lady of the Lingerie

Dustin Hoffman in *Accidental Hero* plays a petty crook seized by a sudden surge of selfless bravery. One rainy night he rescues 54 people from a burning plane.

There he is, juddering through outer Chicago in his noisy-wipered car, when the steel monster falls from the sky. Soon the passenger plane is lying across the road, its fuselage steaming, its drooping snout caricaturing Dustin's own. With a sigh our hero climbs from his car, doffs his $100 shoes, sloshes through the rain, does his bravest, then vanishes into the night.

This movie has everything. Comedy, drama, air crash, lovable superstar, script by David (*Unforgiven*) Peoples, and the wonderful Geena Davis as a survivor-newsreporter who sleuths after the "accidental hero." Yet we keep thinking. "When is it going to start?"

Rhythm is the most elusive of movie qualities and it is missing-presumed-fled for most of *Accidental Hero*. Just when the story has begun to make sweet music with its contrapuntal portraits of Hoffman, the gutter-bred crook trading in secondhand patter and stolen credit cards, and Davis, the high-flying journo seeking a "human interest" scoop, a third character ruinously interlopes. This is Andy Garcia, underscripted and underplayed as a sweetnatured hobo who claims a newspaper's $1m reward by claiming *he* was the phantom rescuer. (He has come into a vital piece of evidence).

And just when we think the story is dancing brightly, caustically to the themes of press-and-media folly and the paradoxes of heroism, in come disruptive stretches of *andante* (Garcia romancing Davis) or *adagios of soggy folk wisdom* exchanged between Hoffman and his young son.

British director Stephen Frears usually goes straight for the vernacular of human behaviour. His best films - *My Beautiful Laundrette, The Hit, Dangerous Liaisons* - present human beings demotically, sardonically, as chattering egos and appetites on legs. But a large-budget Hollywood project brings its own baggage of populist bet-hedging. *Accidental Hero's* cluttered plot and style testify not just to the three names in the "original story" credit (Laura Ziskin and Alvin Sargent as well as Peoples) but to a desire to provide Something For Everyone. Schmaltz with the cynicism; romance with the misanthropy; young pretender (Garcia) with ageing superstar.

The result is less a healthy balance of ingredients than a recipe for frustration. By final reel the movie has become mercilessly multi-directional. Newshound Davis shuttles between her two hero suspects; Hoffman shimmies between anonymity and limelight; minor characters yell for their last two cents' worth of screen time (Chevy Chase's newspaper editor, Joan Cusack as ex-Mrs Dustin). And let us throw in a final suspense vignette with Hoffman and Garcia teetering on the high ledge of a skyscraper. It is at once too much and too little. As so often in cinema, "something for everyone" means not enough for anyone.

The week's only other release is *Body Of Evidence*: a large, squishy, self-important object masquerading as a movie. The star is Madonna, whose screen career continues to take two steps backward for every one step forward (*Dick Tracy, A League Of Their Own*). Here Our Lady of the Lingerie is accused of using her body to murder a rich old man who died in the throes of sexual ecstasy.

True or not, she is soon doing much the same to defence counsel Willem Dafoe. He has no defence against a woman whose love techniques *range from dripping hot wax* on his genitals to coupling on a car bonnet strewn with glass from a smashed lightbulb. (We *are in the courthouse's public* car park at night).

ACCIDENTAL HERO
(15)
Stephen Frears

BODY OF EVIDENCE
(18)
Uli Edel

Occasionally bits of plot break into the sex scenes, with the awkward diffidence of a butler asking if Moddom and the gentleman would like some tea. Joe Mantegna, Anne Archer and other worthies stand about the courtroom doing the where-were-you-on-the-night-of routines. Then it is back to the handcuffs, hot wax and car bonnets. If Mr Dafoe *were a Chevrolet he would be* in mint condition by the end of this film.

In a thin movie week - no, let us call it skeletal - you can always *read* about films rather than seeing them. My spring bookshelf is buckling under the new movie tomes: not least those representing that major modern trend, the "So-And-So on Himself" monograph.

Best of these are *Malle On Malle* (Faber, £14.99) and *Levinson On Levinson* (Faber, £8.99). Both are short on preamble and long on substance. In the *first, editor-interviewer* Philip French gives us a brisk prefatorial trip through Malle's early *life - born into the* Beghin sugar dynasty, educated by Jesuits (see *Au Revoir Les Enfants*), baptised as a film-maker in Cousteau's deep-sea documentaries - and then plays Plato to Malle's Socrates as we movie into film publishing's answer to a Platonic dialogue.

Malle's talk is as good as his films, alive with supple details and sudden revelations. On the difference between *cinema verité* and *cinema direct*; on the Vuillard paintings he looked at as inspiration for *Pretty Baby*; on the knack for finding the right unknown actor for a lead role (Pierre Blaise in *Lacombe Lucien*); on the challenge of making an all-talk film "cinematic" (*My Dinner With André*). His versatility of style and range of interests as a film-maker have made Malle outlast the New Wavers he grew up alongside (Godard, Chabrol, Rivette) and *next to* whose dry avant-gardism he seems a maverick humanist.

Barry Levinson's articulacy is more plainspun. This gifted social fabulist specialises in the underside of the American Dream: the lives of the dispossessed (*Diner, Rain Man*) or dispossessing (*Bugsy*). As a talker, his style can be as tousled and rambling as his characters'. (Editor David Thompson might have used a bit more scissorwork). But there are witty tales and revealing insights: especially about the constant war in film-making between perfect blueprint and brute reality.

For Memory Lane movie buffs, what better than Aljean Harmetz's *Round Up The Usual Suspects* (Weidenfeld & Nicolson, £15.99)?. Celebrating fifty years of *Casablanca*, the author rounds up some usual and unusual stories about the making of everyone's favourite Hollywood potboiler. You will read about a casting near-miss for Ronald Reagan, about just what Humphrey Bogart *did* say to Dooley Wilson at the piano (after Wilson came in as casting replacement for Ella Fitzgerald), about Paul Henreid and the "white suit controversy", and about whether anyone knew what the film's ending would be before the day came to shoot it.

As for why the film has become a perennial, Harmetz lays out the choices: from those seeing a gay subtext in Rick/Bogart's friendship with Renault/Claude Rains to others claiming an allegory about President Roosevelt hesitating *to commit America to the Second* World War. Far-fetched? Ah, but Harmetz reminds us that "Casablanca" is Spanish for "White House."

Casablanca goes unmentioned in Christopher Palmer's *The Composer In Hollywood* (Marion Boyars, £19.95): no doubt on the grounds that Max Steiner had to score the film around someone else's tune. But if "As Time Goes By" robbed him of royalties, Steiner's *Gone With The Wind* theme made up. Who can ever see a poster or still picture from that film without mentally hearing those soaring strings?

These and other harmonic brainstorms are the subject of Palmer's book. Despite the odd solecism - *The Snake Pit* was hardly "the first picture set in a lunatic asylum" (*The Cabinet Of Dr Caligari* pre-dates it by 30 years) - this is a plain man's guide written without plainness. Read Palmer waxing eloquent on Miklos Rosza's *Ben-Hur* score, on Bernard Herrmann's screeching *Psycho strings or on Franz Waxman's* weaving of styles in the moody and marvellous *Sunset Boulevard* score. "The theme is set in the Phrygian mode...Hispanic overtones...motoric rhythms...nonchalantly syncopated." Who says that scholarship and showbiz cannot live in productive harmony?

Theatre/**Malcolm Rutherford**

Order and chaos in Arcadia

With the possible exception of Michael Frayn, Tom Stoppard has long been the wittiest of contemporary British playwrights and one of the longest running. His *Rosencrantz and Guildenstern are Dead* opened at the National Theatre over 25 years ago and has been an international success ever since. Of the British dramatists who came to the fore in the early 1960s, only Harold Pinter has kept up with him in terms of reputation.

A very good actress: Felicity Kendal as Hannah Jarvis

Stoppard can cope with a complex brief, like the moral philosophy in *Jumpers*, which was reviewed in the *Sunday Times* not only by the theatre critic but also by the philosopher A J Ayer. It has been said that he regards writing a play as an examination: "He spends ages on research, does all the necessary *cramming, reads* all the relevant books, and then gestates the results. Once he's passed the exam – with the public and the critics – he forgets all about it and moves on to the next subject."

In *Arcadia*, his subject is higher mathematics, not forgetting his work on physics in *Hapgood*. The production, directed by Trevor Nunn, is faultless. The lighting by Paul Pyant is immaculate. There is *nothing much wrong with the* acting, but I wish I could say more for the play.

Stoppard has always written about the contradictions and apparent similarities between order and chaos. Here he takes on too much, some of which is not remotely theatrical. There is the love life of Lord Byron and landscape gardening. The presentation of non-linear mathematics will seem self-evident to anyone who tries, however *distantly, to follow* economics. Others will find it distracting in a play that wanders between the early 19th century and the present. Nothing is proved; not much happens.

Kenneth Tynan suggested a rule about Stoppard is that "the shorter the play, the harder it is to summarise the *plot without sounding* unhinged". *Arcadia* defies the Tynan dictum. It runs for over *three hours, yet the plot* is unclear. No-one knows who made love to whom, nor is there any reason to care. Byron never appears. Instead there is a minor poet called Chater who does not look or sound like a poet at all. There is also a landscape architect named Noakes who, played by Sidney Livingstone, might *develop* into an interesting character if allowed to do so. Stoppard cuts him off.

That is the 19th century bit. The modern bit is – to use a Stoppard word – no less a travesty. There is a don called Bernard Nightingale (played by Bill Nighy) who no more resembles a scholar than Chater resembles a poet. The name, so similar to that of the chief theatre critic of *The Times*, may be a private joke by Stoppard. *It is not very* funny. Bernard Nightingale is one of the weakest parts. Benedict Nightingale would have written the lines much better.

There is also Felicity Kendal who is a very good actress. She plays an author who has written about Byron. Why she is so cold to those about her is left, like so much else, uncertain. Possibly this is the cooling theory of the universe.

The paradox is that some of *the lines and situations* are very good, but none of them comes from Stoppard's erudition. *Most belong to Ms Kendal*, such as her response to the gardener advising her to advertise for a hermit to put in his hermitage in the newspaper: "But surely a hermit who takes a newspaper...?" This is the Stoppard of old, and there *is not enough of it*.

Still, do not be deterred. Here we have the National Theatre trying to be witty and serious at the same time and an audience willing it to succeed. It's a near miss. Tynan would have cut it. He wrote that 10 days before first night *Jumpers* was running close to four hours. Told by Lawrence Olivier that Stoppard would object, Tynan as dramaturge imposed the cuts unilaterally: no-one demurred and it became a much better play.

Lyttelton Theatre. Sponsored by Digital Equipment Co Limited.

Concert/**David Murray**

New York Philharmonic 150th anniversary season

Under their new(-ish) music director Kurt Masur, the NYP played the Royal Festival Hall on both Monday and Tuesday. Monday's was the solider programme Mozart, Strauss's *Till Eulenspiegel* and the Second Symphony of Brahms. On Tuesday, besides Samuel Barber's familiar Adagio we got only Dvôrak's "New World" Symphony (probably a bigger draw in the New World than in London now), and a wholly unfamiliar work by a Sino-American composer: plenty of room left for encores, and many seats going spare at £40.

In distinguished form for its 150th anniversary season, the NYP was a continual pleasure to hear. And not only in the departments where all the best American orchestras excel – brilliantly reliable brass, strong, thrusting cellos, ultra-precise *rhythms all round*; for in Masur the orchestra has found, after some post-Bernstein ups and downs, just the *echt*-European musician they needed and deserved ("at this point in time", as they might say).

Most of those other orchestras are happiest when loud and dazzling, and a few of them cultivate a dramatic pianissimo too. Masur, however, seems to have made the NYP sensibly, graciously at home with all the gradations in between. Even in their Strauss it wasn't the extremes that counted most, but the main argument – steady, temperate, scrupulously shaded, with each orchestral section contributing a unanimous voice. They seemed two or three times as well-rehearsed as our London orchestras do at home (but so do ours, often, when they're abroad).

The NYP was a continual pleasure to hear . . . brilliantly reliable brass

The glory of these two concerts was beyond doubt the NYP's Brahms no. 2. *It is not a* personal favourite: many a music lover may think, as I usually do, that Brahms's towering academic ingenuity here was disproportionate to a fairly tame range of feeling, and would for choice hear his 1st or 3rd or 4th symphonies instead. While Masur's performance lasted, one *couldn't* have thought that. From top to bottom the polyphony sounded vital, fluent and pointed, at once densely expressive and sunnily transparent. To jaded ears it came as a tonic and a hugely professional revelation; it flowed cogently, glowed and convinced.

Strauss's *Till* was more "interesting" than persuasive. Masur's natural sympathies do not run to unbuttoned fun. We had to be content with a vivid (but always coolly contrived) pounce-and-splash here and there, amidst the deliberate workings-out. There was an ace first horn, and for the *violin solos the NYP leader's* bright, sweet, fast-vibrato tone was just right. Less so in Mozart's *Sinfonia Concertante*, where he sounded tight and over-pretty – probably because his young co-soloist Cynthia Phelps, the NYP's new(ish) first viola, is a model of lovely, straight-speaking musicianship.

On Tuesday Dvorak's "New World" seemed to aspire beyond its homely deserts ethnic cosiness is not Masur's *forte* toward a slightly fictitious grandeur, despite Thomas Stacy's dewy *cor anglais* solo in the Largo. "Bright" Sheng's *H'un* (his American forename translates his Chinese "Liang", and the title means something like "wounds") proved to be a bitter epitaph for the Cultural Revolution, through which he lived in his teens before he fled *to America in 1982. From a* standpoint of Political Correctness his 20-minute piece is faultlessly sincere: first, variously shrill evocations of horror (with Chinese bass drum), and then numb, grievous reflections.

On first hearing, nonetheless, *H'un* struck me as short-breathed and under-composed. *Further acquaintance might* discover deeper patterns; or perhaps its patterns respond *too closely to the folk-music of* Qinghai Province on the Tibetan border, where Sheng spent his formative years, for Western ears to cotton on to them easily. While the passing sounds were pungent, the musical sense remained opaque, bitty and generalised.

Royal Opera House forecasts operational surplus of £266,000 for present financial year

The Royal Opera House is projecting an operational surplus of £266,000 for the financial year 1992-3.

At yesterday's press conference, Sir Angus Stirling, the ROH Chairman, was in a quietly bullish mood as he revealed how the house managed to confound gloomy forecasts for the period.

The sum had been achieved *by a "year of steely endeavour"* – economies in night-work, Sunday rehearsal and overtime, a wage freeze from last September, and alteration of the performance schedule by means of production cancellations and extra performances.

The opera and dance companies have notched up an average 85 per cent capacity, more than the house's achievement previously, which compares very favourably with the West End's 64 per cent during the same period. The surplus, together with an anonymous donation of £500,00 (the first part of a gift of £2.5m, which is to be spread over the next three years), will go further toward reducing the accumulated deficit. Since the house is also budgeting for a surplus in 1993-4, they expect that deficit to be eliminated by the end of the next season.

At the same time as giving these figures, the ROH published a response to the recent Arts Council Appraisal under Baroness Warnock in the form of a point-by-point listing of the committee's recommendations – *the majority accepted* by the management – together with the steps that have already been taken to implement them. Among these is the decision to widen the constituency of the ROH Board so as to render it more accountable: in future, all appointments will be made with the approval of the Heritage Minister.

Max Loppert

INTERNATIONAL ARTS GUIDE

ATHENS

Concert Hall Next Wed, Fri, Sat: Ballet School of Paris Opéra (722 5511)

BARCELONA

Gran Teatre del Liceu Next Mon: *Lamberto Gardelli conducts first* night of Horacio Rodriguez Aragon's staging of Il trovatore, with Aprile Millo, Dennis O'Neill and *Vicente* Sardinero. Runs with alternating casts till May 4 (412 3532)

● Information and booking for cultural events available through *Caixa Catalunya from 08.00 to* 14.00 (310 1212)

BOLOGNA

***Teatro Communale** Mon:* Suk Chamber Orchestra. April 26: Kalichstein Trio. April 30: first night of Rigoletto (529999)

GENOA

Teatro Carlo Felice Tomorrow: *Zoltan Pesko conducts first night* of Giuliano Montaldo's new production of Turandot, with Ghena Dimitrova. Runs till May 2, next performances on Sun afternoon and Tues. April 29: Solti conducts London Symphony Orchestra (589329)

LONDON

THEATRE

● As You Like It: revival of David *Thacker's acclaimed* RSC production of Shakespeare's comedy. Previews from tonight, opens next Wed *(Barbican 071-638* 8891)

● Macbeth: Alan Howard tackles one of the pinnacles of Shakespearean tragedy in a production directed by Richard Eyre (National Olivier 071-928 2252)

● The Treatment: Lindsay Posner directs a new *play by Martin Crimp*, a ferocious satire on the movie business. Previews from tonight, opens on Tues (Royal Court 071-730 1745)

● *Present Laughter*: Tom Conti stars in Noel Coward's stylish comedy as Garry Essendine, a *successful actor and philanderer* at the centre of a tightly-knit theatrical circle. Opens on Mon for one week only (Richmond Theatre. British Rail or tube to Richmond station, *081-940 0088*)

● The Gift of the Gorgon: Peter Shaffer's new play weaves together a contemporary story of passionate love, professional achievement and estrangement between a volatile writer and his wife. Judi Dench stars, Peter Hall directs (Wyndham's 071-867 *1116*)

● The Importance of Being Earnest: Maggie Smith as Lady Bracknell in a star-studded production of Oscar Wilde's most popular comedy (Aldwych 071-836 6404)

● For ticket information about West End shows, phone Theatreline from anywhere in UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962. Most London theatres are closed on Sunday.

OPERA/DANCE

Covent Garden Jeffrey Tate conducts a final performance of Fidelio tonight, with Josephine Barstow and Josef Protschka. Tomorrow and Sat: Royal Ballet performances of Minkus' Don Quixote. *Next Mon and Fri: Charles* Mackerras conducts WNO production of Tristan und Isolde with Jeffrey Lawton and Anne Evans. Tues and Thurs (in repertory till May 7): David Atherton conducts Lyubimov production of Jenufa with Nancy Gustafson and Anja Silja. *Wed and Sat: WNO production of* La Favorita (071-240 1066)

Coliseum ENO repertory consists of Jonathan Miller's production of The Mikado and the Pountney production of Queen of Spades, with Graeme Matheson-Bruce, Janice Cairns and Patricia Payne. David Alden's new production of Ariodante opens on April 28 (071-836 3161)

Sadler's Wells Tonight, tomorrow, Sat: ARC Dance Company presents *Antic, a new piece of theatrical* dance by Kim Brandstrup, based on Shakespeare's Hamlet. Next Mon: opening of two-week season by D'Oyly Carte Opera Company (071-278 8916)

CONCERTS

South Bank Centre Tonight: Franz Welser-Möst conducts LPO in Kurt Schwertisk's *Violin Concerto* (Sergei Stadler) and Mahler's Ninth Symphony. Tomorrow: Günter Wand conducts BBC Symphony Orchestra in Schubert's Eighth Symphony and Bruckner's Ninth. Sat: Mariss Jansons conducts LPO in works by Smetana, Tchaikovsky, Strauss and Ravel, with violin soloist Itzhak Perlman. Sat (QEH): Friedrich Cerha conducts Ensemble Modern in works by Cerha, Eisler, Ligeti and others. Sun: John Lubbock conducts Orchestra of St John's Smith Square in works by David Bedford and Sadao Bekku. Mon: South African saxophonist Bheki Mseleku. Tues *and Wed: Anne Sophie Mutter plays* Sibelius' Violin Concerto with LPO. Tues (QEH): National Westminster Choir in sacred music by Bruckner and John Rutter. Next Thurs: Mikhail Pletnev conducts Philharmonia Orchestra (071-928 8800)

Barbican Tonight: Marieke Blankenstijn directs Chamber Orchestra of Europe in Vivaldi's Four Seasons and Tchikovsky's Serenade for Strings. Sat: Günther Herbig conducts RPO in a Beethoven programme, with violin soloist Mayumi Fujikawa. Sun: Ivan Fischer conducts COE, with piano *soloist Andras Schiff. Mon: Itzhak* Perlman violin recital (071-638 8891)

MADRID

Auditorio Nacional de Musica Tonight: Cristobal Halffter conducts Queen Sofia Chamber Orchestra in works by Haydn, Halffter, Mozart and Mendelssohn, with violin soloist Christiane Edinger. Tomorrow, Sat, Sun: Victor Pablo Perez conducts Spanish National Orchestra and Chorus in works by Shostakovich, *Larrauri and Stravinsky (337 0100)*

Teatro Lirico La Zarzuela Next Tues: Antoni Ros Marba conducts first night of Emilio Sagi's production of Die Zauberflöte, with Joan Rodgers, Robert Tear, François Le Roux and Robert Lloyd. Repeated April 22, 23, 25, 28, 29, 30 (429 8225)

MILAN

Teatro alla Scala Tomorrow, Sat, Sun, next Tues: Riccardo Muti conducts *Franco Zeffirelli's* new production of Pagliacci with Nicola Martinucci and Denia Mazzola, *coupled with Balanchine's* Stravinsky ballet The Fairy's Kiss. Mon: Pekinel Sisters piano recital. *April 27: first night of Fedora with* Domingo (7200 3744)

PRAGUE

Dvorak Hall Jiri Belohlavek conducts Czech Philharmonic Orchestra and Prague Philharmonic Choir in Handel's Messiah tomorrow and Sat, with Lilian Watson, Felicity Palmer, John Mark Ainsley and Stafford Dean (286 0111). Next Tues: Stanislav Bogunia conducts *Czech Radio Symphony Orchestra* and Chorus in works by Bernstein, Krumpholz and Orff (232 2501)

Smetana Hall Sat: Miroslav Langer piano recital. Sun: Bohuslav Martinu Chamber Orchestra plays works by Marcello, Martinu, Novak and Haydn. Next Tues and Wed: Libor *Pesek conducts Prague Symphony* Orchestra in works by Debussy, Schumann and Brahms with piano soloist Ivan Moravec (232 2501)

National Theatre Tomorrow: Don Carlo. Sat: Dvorak's Devil and Kate. *Mon: La forza del destino (205364)*

● For pre-booking and information about these and other events, contact city centre ticket agencies (Sluna, Wenceslas Square 28 in *the passage, tel 261602, or* Bohemia, Na Prikope 16, tel 228738, or Melantrich, Wenceslas Square 38 in the passage, tel 228714) and theatre box offices.

ROME

Teatro dell'Opera Tonight: Andrea Licata conducts Mauro Bolognini's production of *Il trovatore, with* Giuseppe Giacomini, Daniella Dessi, Vladimir Chernov and Dolora Zajic (further performances on April 18, 22, 24, 27, 30, May 4, 7). Tomorrow *and Sat: Giuseppe Sinopoli* conducts Dresden Staatskapelle in Schoenberg's Verklärte Nacht and Strauss' Ein Heldenleben. Next Tues and Wed: Sinopoli conducts symphonies by Schubert and Bruckner. Programme subject to *cancellation or change at short* notice (481 7003)

TURIN

Teatro Regio Next Tues: *Daniel* Oren conducts first night of Alberto *Fassini's production of Adriana* Lecouvreur. Runs till May 9 with casts including Raina Kabaivanska, Stefania Toczyska, Giorgio Merighi and Carlos Chausson. April 26: Ruggero Raimondi concert (8815 214)

European Cable and Satellite Business TV
(All times are Central European Time)

MONDAY TO THURSDAY
Super Channel: European Business Today 0730; 2230
Monday Super Channel: West of Moscow 1230.
Super Channel: Financial Times Reports 0630
Wednesday Super Channel: Financial Times Reports 2130
Thursday Sky News: Financial Times Reports 2030; 0130
Friday Super Channel: European Business Today 0730; 2230
Sky News: Financial Times Reports 0530
Saturday Super Channel: Financial Times Reports 0930
Sky News: West of Moscow 1130; 2230
Sunday Super Channel: West of Moscow 1830
***Super Channel:** Financial* Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: Financial Times Reports 1330; 2030

Arts Guide
Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandanavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: *Exhibitions Guide.*

Pessimistic blast from the past

BOOK REVIEW

HANDELN FUR DEUTSCHLAND
By Helmut Schmidt
Rowohlt, Berlin. DM 34, 256 pp

When authors start thinking about Germany, they often lie awake at night. While preparing this passionate recitation of the challenges facing united Germany (featuring the subtext that, had a certain well-known snuff-taking statesman remained in charge, things would not be in such a mess), former Chancellor Helmut Schmidt did not, one suspects, enjoy much sleep.

He reveals that, during preparation of the manuscript, he dreamt a Nazi government came to power and banned publication of Die Zeit, the weekly newspaper of which he became co-proprietor after leaving office in 1982.

The nightmare seems to have strengthened Schmidt's conviction that, should unification go awry, Germany would be threatened by extremism: "On no account should we ever again allow a rise of left or right-wing fundamentalism."

Schmidt as chancellor between 1974 and 1982 won a worldwide reputation for brainpower and efficiency. This was, however, only one side of his character. In this book we glimpse Schmidt the moralist, the schoolmaster and the patriot.

His point of comparison for today's nation is the Germany of Hitler and the Germany of the Weimar republic. In view of the legacy of the past, and what he terms as the Germans' tendency to intolerance and ideological excess, Schmidt pointedly says that, even after unification, Germany is "not normal".

His central thesis is that reunification is a blessing, but the political establishment has failed to master the consequences. "The German nation is in an infinitely better state than at any time since 1933. All Germans are free; all are equal before the law; we have elected our government and can vote for another one; we need fear neither violence by the state, nor secret police; our standard of living is high; our external security is not seriously under threat. At the same time our situation is in no way satisfactory. We have made serious errors, and we are placing ourselves in further danger through prejudice, egotism and sloth."

Although his views sometimes appear over-pessimistic, the persistence and clarity with which Schmidt puts them forward are admirable.

It is a pity that he allows the contempt with which he regards his successor, Helmut Kohl, sometimes to cloud his judgment.

Kohl wins praise for having seized the chance of German unification in 1990. Otherwise, the chancellor is portrayed as a combination of knave and buffoon. "Practically everything else which Kohl undertook after October 3 1990, the date of German unity, was partly wrong, partly mistaken, too hesitant and too late."

Schmidt indulges in his leaning towards apocalyptic views when he writes in the opening chapter that missed chances since 1990 raise the risk that united Germany could have "only a limited life".

But his overall conclusion is surely correct. The passage of German unity has been made still more difficult by policy errors in Bonn, principally the government's underestimation of the hurdles facing economic recovery in the east. He believes that, unless Germans in east and west show a far greater willingness to share the burdens of reunification, Europe's pivotal nation will remain unsettled for a relatively long period.

In laborious detail, Schmidt sets out problems and solutions. He covers everything from asylum policy and the Bundeswehr to measures to reduce the budget deficit. In view of the recession, he is against tax increases for the moment. Schmidt calls on the Bundesbank – his *bête noire* – to cut interest rates substantially. And he takes the central bank heavily to task for obstructing the road to European monetary union. It is "unhealthy", he says, that the Bundesbank president appears more powerful than the German foreign minister.

The best parts of the book are where Schmidt shows his more human side. There is a somewhat puritanical streak here. A fierce assailant of the debilitating influence of television, he suggests that schoolchildren hold regular classroom discussions on the nature and content of television programmes. Schmidt closes the book with an emotional and eloquent appeal for ordinary Germans to tighten their belts and show "solidarity" to make unification a success.

For all the power of his arguments, the book has some shortcomings. One lacuna concerns his own previously held views on German unity. As late as summer 1990 he was on record as predicting East German unemployment would start to fall as recovery took place from 1992 onwards. Some hint of the fallibility of his earlier predictions would not have come amiss.

Schmidt also seems to hold fluctuating views on the political reliability of his countrymen. In connection with post-unity decision-making, he writes: "I have no real confidence in the political constancy of our people." Yet he also claims that the German electorate "have understood our position and our difficulties better than the politicians".

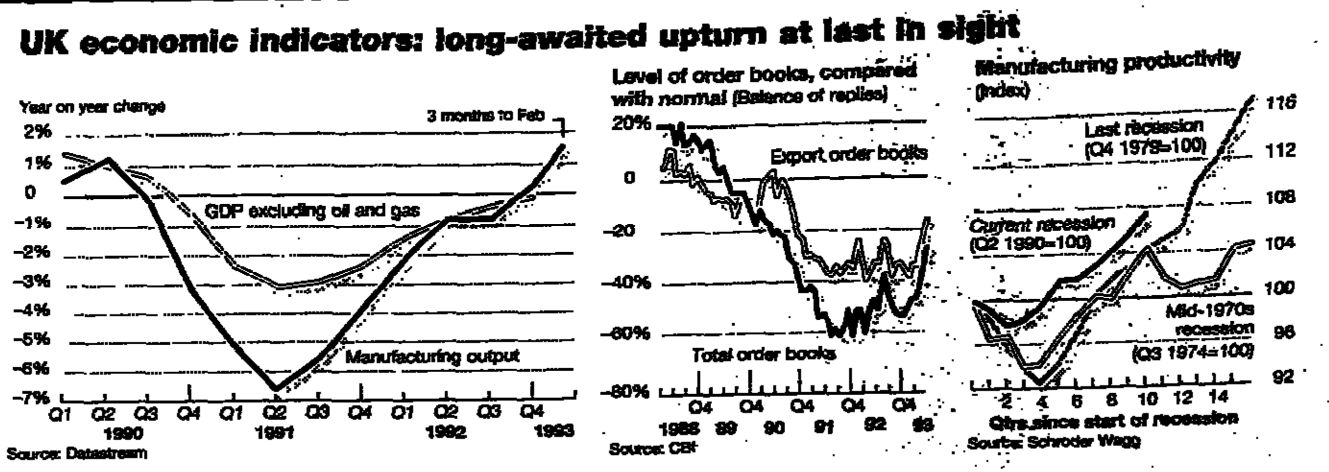
The most important contradiction involves Europe. Although a convinced supporter of European union, he indicates that a unified Europe will not be possible until his own country "has brought the process of German unity, politically and economically, to a successful conclusion".

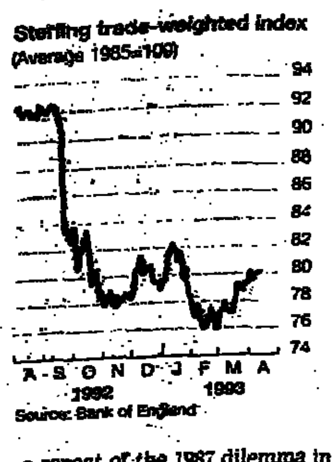
By then, however, it may be too late. For Schmidt also records that if Europe does not adopt a single currency by 2000, "the D-Mark will, with virtual certainty . . . dominate the whole of Europe".

Because of the burdens of history, and his lack of faith in the political acumen of his compatriots, Schmidt does not want the D-Mark to rule Europe. His account none the less leaves the reader with the impression that this will be the most likely outcome.

David Marsh

UK economic indicators: long-awaited upturn at last in sight





ECONOMIC VIEWPOINT

The green shoots sprout again

By Samuel Brittan

One reason for the UK Treasury's premature diagnosis of "green shoots" recovery was that it took too much notice of surveys which reflected not hard data such as output, orders or sales, but businessmen's expectations or their state of confidence. Business expectations are just as much economic forecasts as computer printouts from the Treasury and have just as large a chance of being false.

Commentators who have been proved repeatedly wrong about the duration of the recession and the advent of recovery can grasp at a less ambitious alternative. This is to recognise the limits of economic prediction and concentrate on what is happening.

The best procedure is to focus one's attention on a comprehensive aggregate covering a reasonable period. In the UK context, this is non-oil real gross domestic product in the first quarter of this year.

The CBI March monthly survey gave a strong hint of an upturn in first quarter GDP by showing an improvement in reported orders, both overall and for exports. Even this was far from conclusive because the question is posed subjectively in terms of whether order books are above or below normal. They are still below normal but much less so than at any time for over two years.

But the figure I have been waiting for has been the February Index of Industrial Production which came out yesterday. Here I would concentrate not on total industrial production, which reflects the vagaries of North Sea oil output, but on the manufacturing component.

Taking the three months to February, manufacturing output is now estimated to be 1.2 per cent above both the previous quarter and 1.5 per cent above the same quarter a year ago. The chart suggests that the year-on-year movement of the manufacturing index is a good guide to what will afterwards be reported for GDP, excluding oil and gas, even though the movement in either direction is often magnified in manufacturing compared with the whole economy.

Demand indicators give a similar impression. Retail sales have for sometime been increasing at a moderate rate. The car market has also picked up, admittedly from a very low level. Construction is probably no longer declining, although it will take time for the improvement in the housing market to work its way through to the building sites.

The next question usually asked is whether the recovery can be sustained. This is wrongly posed. For the tendency in modern capitalist economies is for output to grow in most years – which enables the governing political party to make the fatuous boast of record output.

The appropriate question is whether anything is likely to go wrong to derail or slow down the recovery. The most vulnerable spot is overseas markets. The world recession came later to Continental Europe than to the US or Japan but is now quite virulent. The absence of trade figures, while EC recording methods are overhauled, is no help. Survey data suggests that devaluation has cushioned it quite a lot. But big feats of export-led growth are unlikely.

There is another possible leakage. Rising real incomes have been providing most of the motor for consumer spending, as is normal. But forecasters such as Gavyn Davies of Goldman Sachs expect growth in real personal disposable incomes to dwindle away

The winter Budget would be a good time to cut home buyers' fiscal privileges

under the influence of low pay settlements, rising unemployment and (next year) higher taxes.

They are looking, however, for a falling savings ratio to sustain consumer spending. The high personal sector debt ratio, which has been acting as a drag, shows no sign of declining. On the other hand mortgage interest payments are at their lowest for nearly a decade as a proportion of income. Too much is probably made of debt deflation and negative equity on the part of home buyers suffering from price falls. As time moves on the effect of low interest payments and comparatively low house prices on new buyers will begin to outweigh the cautionary influence of those who bought their homes near the top of the boom.

The pain of these earlier buyers will be eased now that house prices have stopped falling and have risen slightly in the past month. Indeed, looking ahead, there is more danger of the upturn being threatened by rising house prices than by any weakness in that sector.

The winter Budget would be a good time to reduce further the fiscal privileges enjoyed by home buyers. Nothing would do more to stabilise the economy by 2000 than a new type of housing market, where renting was normal and an owner-occupied house became a place to live rather than a speculation.

The most usual reason for pessimism is different; that the British economy will run into the balance of payments buffers. In fact a so-called payments deficit can only stop growth if it leads to a run on sterling, which the government has to counter by a steep increase in interest rates.

So far, on the contrary, sterling has been quite strong and recovered a little of the ground it lost after leaving the exchange rate mechanism in September. I would not be surprised if within a year we saw a repeat of the 1987 dilemma in which the government had to choose between letting sterling rise too far and letting interest rates fall too much.

In the likely circumstances I would let interest rates fall. The recovery of sterling is welcome as far – or a little further – as it has gone. It should do something to dampen the impact of rising import prices on inflation and also discourage the impression now widespread on the Continent that the UK has embarked on a policy of competitive depreciation. Given a stable pound, there is enough slack in the economy to take quite a substantial rise in home demand and still leave room for an increase in exports when the world economy recovers. Any required real depreciation can be brought about in slow motion through a lower inflation rate in Britain than in competitive countries.

This is not a pipe dream. UK unit costs are now falling relative to competitors – helped not only by low pay settlements but by a rate of productivity increase in manufacturing substantially exceeding that achieved at the corresponding stages of previous recoveries from recession.

The straw in the wind about which I do puzzle is the expectation shown in the Dun and Bradstreet survey that business will take on more workers. Does this mean that the unexpected fall in unemployment in February was not quite the freak indicator it seemed? If there really is to be an employment recovery at such an unusually early stage of the business cycle it may mean that productivity cannot go on increasing at recent rates. But it may mean that the upturn is more vigorous than generally supposed. Why back the more pessimistic alternative while waiting for more evidence?

LETTERS TO THE EDITOR

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No signal of brand's demise

From P L Stobart.

Sir, Philip Morris's decision to impose swingeing price cuts (UK Company News, April 13) on its Marlboro brand in the US to safeguard its huge market share in the face of increasing cut-price competition has led to massive reductions in the share prices of many of the world's leading branded goods businesses. Suddenly, and in spite of the strong performance of many of these businesses throughout the recession, some observers are predicting the demise of the brand.

Surprisingly, it seems that the markets have missed the point. Brand owners have always had to be highly sensitive to competition from unbranded products. In commodity areas such as sugar a brand may have no opportunity at all to establish a price premium while in an area such as fragrances a branded product may command a price five or six times above that of the so-called generic.

But the brand is never a licence to charge whatever the brand owner wishes. At some point the brand will always be susceptible to cut-price competition. Clearly, a process of readjustment is taking place in the US cigarette market. But this does not signal the demise of the brand.

P L Stobart,
director,
Interbrand Group,
40 Long Acre, London WC2

Central Europe in need of confidence, not handouts

From Mr Jansen Raichl.

Sir, David Marsh's article, "Caught out by a turning tide" (April 8) brilliantly highlights the EC's self-inflicted agonies. One has to bear in mind that the EC is a cold war structure meant to keep Europe divided. For this reason, central European nations share the wish of most Britons in seeing the Maastricht process fail.

The central European nations are not as poor and backward as commonly assumed, and are in fact significant markets. The purchasing power of the populations of the Czech Republic, Slovakia and Hungary at the current exchange rate is about twice that of Russia; and Poland's is five times as great. What these nations really need is a boost to their confidence, not cash or expertise. The foreign press can help in this.

Finally, if Nato becomes more efficient in keeping Russian expansionism at bay, central Europe will not need to tie itself to the west so desperately. The anticipated handouts by the Group of Seven nations to Yeltsin are certain to end up with the Red Army and entail another cold war.

Jansen Raichl,
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PO Boc 524,
111 21 Prague

Price close and finance in place

From Mr Michael R Hoffman.

Sir, You indicated ("Concerted action urged on exports", April 6) that Thames Water lost a contract in Buenos Aires because we had not arranged export finance in time.

The facts are that we came a very close second on price to our French competitors. Our bid was fully compliant and we had all of our financing agreed in detail.

International activities are tough enough without attempted own goals by newspapers.

Michael Hoffman,
group chief executive,
Thames Water,
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London W1M 9DJ

Contended consultants and their clients

From Mr Adrian Williams.

Sir, It was a pleasure to read, in your review of the Centre for Economic Performance's recent report (Management, April 5), such an elegant exposition of the guidelines that both clients and management consultants should follow to favour a productive and satisfying working relationship.

But the review's title, "A very uneasy alliance", gives the impression that most relationships end in disappointment on both sides, because the guidelines are not followed. However, I do not think that the evidence supports such a conclusion.

For how do consultants go about developing their business pipeline? Doing new work for existing, satisfied clients is the way that effective consultants prefer; next comes getting a client's agreement to act as a reference when approaching new clients. The volume of management consultancy work that has been carried out in the UK for many years is not consistent with companies ". . . so often disappointed . . ." with consultants who ". . . often feel disappointed . . ."

Disgruntled clients and frustrated consultants can always find an audience. Discontent is more interesting to talk and write about than is satisfaction. The rest – clients and consultants – are getting on well together, in their quiet and effective way.

Adrian Williams,
president,
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Technology crucial to debate on UK's economic renaissance

From Prof Ian Mackintosh.

Sir, In his review ("British culture in the clear", April 8) of W D Rubinstein's latest book, Capitalism, Culture and Decline in Britain, 1750-1990, Sir Geoffrey Owen once again contributes thoughtfully to the debate about the causes of the British industrial malaise. Unfortunately, however, neither he nor, so far as I could tell, Rubinstein pays due attention to the importance of exploiting technology.

In my experience, most analysts and historians – whether of an economic or sociological bent – overlook the salient role which technologies of many kinds have played in both the rise and fall of the British economy in relation to most of our international competitors.

For example, the period of Britain's greatest economic (and military) power was during the 19th century, when it was pre-eminent in its ability first, to conquer new, basic technologies such as steam and the manufacture of iron and steel. It then was successful in exploiting these technologies commercially in the form of artifacts such as bridges, ships, railways etc and the components (rolling stock and so forth) that went with them.

By comparison, in the most powerful and pervasive technology of the second half of this century – electronics – substantial British companies able to compete successfully in relatively free markets on a global scale are notable only by their scarcity. At the same time, the Japanese (and other Asian) industrial economies have risen from scratch to giddy heights largely on the skilful commercialisation of electronic goodies for the home and the office. And the US economy would be even closer to a sticky end were it not for its continuing strengths in this massive industrial sector comprising software, chips, information technology, computers and much else besides.

My main point, then, is that whereas the debate about Britain's elusive economic renaissance must obviously go on (until we either succeed or relax finally into a thatched cottage economy), the argument must – simply must – take technology, and its power to deliver jobs and economic growth, fully into account in both the analysis of Britain's past successes and failures, and in building new industrial policies for the future.

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FINANCIAL TIMES
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Thursday April 15 1993

Doubts about the EBRD

THE CONTRAST between the grandeur of Mr Jacques Attali's self-styled "European Bank" and disbursements of a mere Ecu200m (£125m) after two years of existence is bound to attract hostile comment. The institution is on trial. Yet it is too early to condemn it. The EBRD must be judged on whether it makes a useful contribution to reform of eastern Europe and the former Soviet Union, rather than on the magnificence of its offices or the flying arrangements of its president.

This does not mean that its housekeeping can be ignored. Some £200m was spent on its offices and overheads between April 1991 and the end of 1992. It is difficult to feel confident that the directors responsible for supervising its expenditures ensured these sums were all essential, since they are themselves beneficiaries of EBRD largesse.

In this and other respects, the problem lies more with the model on which it was founded than with the EBRD itself. Politicians complain incessantly about the "fat cat" life-style of institutions such as the World Bank. To this charge, the latter reply that many of their employees enjoy alternative opportunities in the private sector; that they are not lavish by the standards of private-sector financial institutions; and that their performance has been at least as good as that of such institutions. Populists may dislike these answers, but they have force all the same.

What makes the questions about the EBRD's life-style more pointed is that many wondered whether it should have been established in the first place. Some argued that it would divert attention from the need to provide generous assistance and liberal market access to the newly liberated countries. To Mr Attali's credit, it is here that the EBRD has been most effective. His bank offers a fine pulpit. It may be made of Carrara marble, but he has used it well, particularly on the need for Continent-wide free trade.

Yet the EBRD cannot be justified by the ability of its president to say sensible things. The question is whether it can also become an effective lending institution.

Many believed that the EBRD's mandate to lend 60 per cent of its money to the private sector would prove a crippling handicap. Yet so far the more important obstacle to rapid disbursement has been the public sector. The EBRD is affected, like everything else, by the political chaos of most countries of the former eastern bloc. But lending to the public sector is not the EBRD's sole problem. Its desire to lend prudently clashes with the need to take risks in support of the fledgling private sector.

The EBRD has still to justify its creation. It needs to demonstrate control over its own spending, but above all it needs to lend effectively, without lending foolishly. This is a fine line to tread. It may never be possible to be sure that the EBRD serves a useful purpose. But it must make a serious effort to convince the world it does.

Finalising Nafta

THE CLINTON administration may be right in believing that the new US Congress would throw out a North American Free Trade Agreement without the understandings it is now negotiating on the environment and labour standards. But if it wants a workable agreement, the US should be cautious about how far it pushes these additional conditions.

One reason for caution is that such side accords could have significant implications for sovereignty, not only for Mexico but for the US as well. The envisaged procedures would, after all, be usable not only against Mexico, as US lobbies desire, but by Mexicans against the US.

Furthermore, the whole point of Nafta is that all the three parties – the US, Canada and Mexico – should gain from the increased economic efficiency created by specialisation. Tough side agreements could so load the dice against Mexican companies that Nafta would become more trouble than it is worth. It would be wrong and self-defeating for the US to burden a developing country with the standards of a highly developed one, themselves rather recently acquired.

In addition, dispute resolution procedures must be transparent and speedy. Otherwise, they could simply become a way for aggrieved US businesses to obtain protection. US companies are already all too well practiced at exploiting such mechanisms, anti-dumping procedures being the chief example.

If it is to avoid these dangers, the Clinton administration needs to keep reminding itself of Nafta's purpose. True, the main direct beneficiary of Nafta would probably be the Mexican economy, which should enjoy higher investment, more jobs and faster growth. But these gains for Mexico would also bring important benefits to the US.

Pollution should be easier to control, for example, as the Mexican economy grows, while Mexican industry would also have less reason to cluster in the contaminated border areas. The differential between US and Mexican wages should fall, thereby slowing the flow of migrants across the border. A more dynamic and outward-looking Mexico would become an increasingly important market for US goods. Not least, the Mexican government would be rewarded for overturning years of animosity towards the US, while the political liberalisation of Mexico would be reinforced.

The most powerful economy in the world has little to fear from a free trade agreement with an economy one-twentieth its size. But it has much to gain from a stable and increasingly affluent neighbour to the south. The US may have to negotiate understandings on labour and environment in order to secure support for Nafta. But it must not deprive Mexico – and so itself – of the economic and political fruits of this agreement. The US should forget fair trade theology and remember its interests instead.

Bosnia's agony

BARONESS THATCHER'S impassioned attack on western strategy towards the carnage in Bosnia has struck a resonant chord. Few who heard can have failed to empathise with her frustration over the horrors beamed daily to western television screens and the apparent helplessness of the international community to do anything about them. Few will have disagreed with her thesis that the west's current policy of "feeding people but leaving them to be massacred" has long ceased to be tenable. It is thus not good enough for British ministers simply to dismiss Baroness Thatcher's words as "emotional nonsense". The fact is, first, that western policy over the past 12 months has been worse than ineffective. By making threats against the aggressors without the will or means to back them up with force, it has encouraged Serbian territorial expansionism. Second, if the international community continues to stand aside, seeking to cover its dignity with the increasingly tattered figleaf of the Vance-Owen peace plan, the land-grabbing will continue until the vast majority of Bosnia's Moslems have been uprooted from their homes.

Baroness Thatcher's suggestion is that the UN give the Serbs an ultimatum – sign up to the Vance-Owen plan, which, though flawed, remains the only framework for a settlement on the table, or we will selectively lift our arms embargo on the former Yugoslavia in order to arm the Moslems, while providing them with air cover.

The merit of this plan is that it would answer the growing moral pressure in the west for "something to be done", without entailing the sort of commitment of ground forces that the US and its allies correctly argue their domestic public opinion will not wear. Its drawbacks are equally easy to identify. Apart from prolonging the conflict, it would hopelessly compromise the existing UN humanitarian relief operation. Even if the Serbs bowed to such pressure and agreed to Vance-Owen, it would encourage the Moslems to prevaricate in the hope of western intervention. More importantly, it would risk provoking a serious split in the UN Security Council as Russia lined up with Serbia against the west. Far from containing the conflict, it could help to turn it into a bone of contention on a much larger international scale.

That danger is what makes this such a delicate moment – especially in Washington, which is where the important decisions, if any, will be made. Thus far, the Clinton administration has seemed as uncertain as any of its allies as to how to handle Bosnia. It appears increasingly tempted to contemplate lifting the arms embargo on the Moslems – and equally worried about keeping the Russians and its allies on board. If the pressure for direct intervention in the war becomes irresistible in Washington, the challenge will be to square that circle. President Clinton will need all the cool advice he can muster.

Edward Mortimer analyses the dilemmas and contradictions of European immigration policy

Convenient cracks in the wall

Few subjects are more intensively discussed between European governments than immigration, asylum and refugees. There are at least 10 intergovernmental bodies dealing with those issues – 12, if one counts separately the three sponsored by the Council of Europe. Between them, they held well over 100 meetings at ministerial or official level in the course of 1992. Yet most went entirely unpublicised, and very few were front-page news. Migration is an issue that governments are anxious to talk about among themselves, but preferably without being overheard.

It is a doubly embarrassing subject. Governments dare not admit to their electorates that immigration into western Europe has not only increased steadily (roughly tripling between 1985 and 1992), but will almost certainly continue to do so. Nor do they like to talk about the methods by which they try to control it, since these are often hard to reconcile with the human rights they are pledged to uphold.

Governments are sensitive to public pressure for more restrictive policies – if possible for the door to be closed completely. They know, however, that this could only be done, if at all, by methods which would be repugnant to much of that same public opinion.

Most west European countries stopped recruiting guest workers and introduced restrictive immigration policies as long ago as the early 1970s. Yet "regular immigration of foreigners" is now running at 1.3m a year, according to Jonas Widgren, co-ordinator of the Intergovernmental Consultations on Asylum, Refugee and Migration Policies in Europe, North America and Australia. The main source of this immigration is the arrival of family members joining guest workers who are already in Europe. And, as Doris Meissner, formerly a senior US immigration official, points out: "The idea that a person would be denied the right to have family members with him if his stay is for long periods is simply unacceptable in many nations."

Asylum seekers, a category which has recently had much more publicity, were still only just over half as numerous as "regular" immigrants in 1992. In fact the notion of a Europe-wide "asylum crisis" is highly misleading. The number of applications in France fell last year from 50,000 to 27,000, and in Britain, even more sharply, from 44,700 to 9,600. The real crisis is in Austria, Switzerland, and above all Germany, where nearly 440,000 asylum seekers arrived last year, and the number is still rising.

In 1992 Germany also took in 300,000 "ex-nationals having a constitutional right to immigrate" from eastern Europe and the former Soviet Union. And, according to the German government, about 310,000 people entered the country illegally – "nearly 70 per cent of all illegal migrants to the European Community".

The phrase "illegal migrants" conjures up an image of people packed like sardines in small boats crossing the Mediterranean or container-trucks on Channel ferries. But much more typical, according to Clara Maria Bisegna, diplomatic adviser to the Italian immigration minister, is the cousin who comes quite legally on a family visit, then illegally finds a low-wage job in the black economy and overstays his visa. If unlucky he may be caught and deported. But in a free and open society, his chances of slipping through the net are good.

The problem is not a purely European one. The influx of people into western Europe is only a tiny fraction of the overall movement in the world. As Ms Meissner points out*, "the vast majority of migrants move within their own countries, the next-largest share move across national boundaries within the less-developed world, and a relatively small share cross borders to developed countries".

To Americans, accustomed to think of themselves as a nation of immigrants, European reactions seem unnecessarily defensive. Demetrios Papademetriou, himself an immigrant, was until recently director of immigration policy at the US Department of Labor. He argues that in the "new" countries of the Americas and Australia "the process of nation-building has never really stopped", and people therefore accept that "national identities are inherently dynamic, and thus fundamentally mutable". But this idea, he says, "is strongly resisted by most intellectuals and publics in Europe", and therefore mass immigration, especially of people coming from a different cultural background, is seen as a serious threat to national identity.

Mr Papademetriou was the opening speaker earlier this month at a conference on "the security dimensions of international migration in Europe", organised by an American think-tank, the Center for Strategic and International Studies (CSIS), but held at Taormina, in Sicily.

Immigration to western Europe

African Immigrants in Paris

('000)	1985	1986	1987	1988	1989	1990	1991	1992
Regular immigration of foreigners	700	750	800	950	1,150	1,200	1,300	1,300
Asylum seekers	170	200	180	220	310	430	550	690
Ex-Yugoslavs offered TPS* outside asylum procedures								350
Ex-nationals with constitutional right to immigrate**	100	100	150	300	800	450	300	300
Illegal entrants	50	50	50	100	100	200	300	400
Total	1,020	1,100	1,180	1,570	2,360	2,280	2,450	3,040

* Temporary protected status ** Mainly in Germany
Source: Jonas Widgren (co-ordinator, inter-governmental consultations on asylum, refugee and migration policies in Europe, North America and Australia)

Western Europe, according to the American speakers at the conference, is failing to face up to the facts. It has become a region of immigration. This is not only the result of "push factors" – demographic pressure in the south, war and economic upheaval in the east – but also of "pull factors". In spite of unemployment, there are many low-wage, difficult and socially undesirable jobs which need doing and which Europeans – along with North Americans and Japanese – are reluctant to do themselves. "We must accept the fact," said Mr Papademetriou, "that immigration provides us with prospective members of our societies who use this complement of jobs as entry-points to our economies and as access routes to the full rewards of our social and political systems." Moreover, the present generation of Europeans has not produced enough children to provide it with the comfortable old age it looks forward to; hard-working, youthful immigrants will be needed to make up the shortfall.

In short, Europe needs immigrants, and Europeans, according to Mr Papademetriou, are in any case too soft-hearted to keep them out. "Advanced industrial countries cannot engage in measures draconian enough to control situations which have developed their own social and economic logic and structures without doing gross violence at least to the spirit of their constitutional order."

So argue American critics of European immigration policy. Instead of trying to stop immigration governments should seek to manage it, choosing those with the needed skills and allowing them to come in legally so that they are not "compelled" to pose as asylum-seekers in order to gain admission. This, supposedly, would give states the "moral courage" to kick out those whom they do not want – "ineligible immigration applicants" and "fraudulent asylum claimants". Eligible immigrants and bona fide refugees could then be made welcome and given "full equality". In due course, they would have the option of becoming naturalised citizens.

Clearly, European governments are failing in their stated objective of keeping immigration at, or close to, zero. But it is not obvious that aiming at a higher, more "realistic" number would produce better results. The fact that some immigrants are let in legally will not stop others from trying to get in illegally. On the contrary, through family connections it will make it easier for them to do so. It seems quite likely that the number of immigrants coming in will always be the number allowed plus x. In which case, if x is the number you actually want, or can more or less cope with, zero would be the logical number to allow.

What no European government can publicly admit is that illegal immigration is actually more manageable, and economically more useful, than legal immigration. Legal immigrants, enjoying all the rights accorded by the law to indigenous workers, cannot be sent home, and will soon be just as reluctant as indigenous workers are to do those "dirty, dangerous and demanding" jobs. They will naturally expect the same wages and conditions as indigenous workers, and thus lose their main attraction in the eyes of employers.

Also, most asylum seekers, even if they do not qualify in the eyes of the law, are not cynically "fraudulent". They are usually desperate people, escaping from what is by west European standards grinding poverty and oppression even if at home they were not the poorest or most oppressed. They are also usually enterprising people, willing to take risks and adapt to unfamiliar conditions. These might be the very skills an intelligently "managed" immigration policy would look for. But, again, it is convenient to keep them in that limbo of "temporary leave to remain", from which, along with their illegal brethren, they can be expelled if they cause trouble.

Those, however, are truths that no politician could tell in public. Offensive as it may be to the descendants of the Pilgrim fathers, a little old world hypocrisy may sometimes be very useful

*International Migrations: a new challenge for a new era. (Draft report to the Trilateral Commission, March 1993.)

Morning after the beer bungle

PERSONAL VIEW

Five years ago, British consumers enjoyed a great diversity of domestic and imported beers and pub prices which were lower than in most other countries. A rich variety of suppliers served the market, none with a high market share. Yet the report by the Monopolies and Mergers Commission in 1989 found pub prices to be "too high", consumer choice to be poor, and viewed the market as being dominated by big brewers.

The report attributed these problems to brewers owning most of the country's pubs, where their own products were favoured, and to their offering low-cost loans to independent pubs in exchange for beer supply guarantees. The European Commission had found in 1984 that this system benefited consumers, yet the MMC recommended that large brewers should dispose of most of their pubs and that supply contracts backed by cheap loans be banned. These measures would "increase competition in brewing, wholesaling and retailing, encourage new entry, reduce prices and widen choice". Otherwise, it believed, a few brewers would come to dominate the market.

The government partially enacted the MMC's proposals in 1989, but although beer supply continues to be competitive, retail beer prices have risen sharply, and several firms have quit brewing, including local producers whom the measures were designed to protect. Brand rationalisation continues and no new producers have entered the market. Indeed, the MMC cleared the largest brewing concentrations ever seen, involving Grand Metropolitan and Courage, and Allied Breweries and Carlsberg. Powerful pub groups are emerging, but independent pubs have closed in large numbers. Since leading brewers dominate beer markets in countries where tied houses are unknown, and leading suppliers dominate other UK consumer markets, such outcomes were always likely. So how did the inquiry produce such proposals?

The Fair Trading Act and Competition Act are both vague in defining the "public interest". MMC guidelines suggest that inquiries will focus on issues of industry structure "that operate or may be expected to operate against the public interest". No evidence of actual harm is needed. Furthermore, similar evidence may be treated as harmful in one case, but beneficial in another. Industry structure is presumed to explain and predict public outcomes. This is a dangerous assumption. Real markets are too complex to be understood by simple models, largely because they contain dynamic feed-back effects – a leading firm's market share creates higher profits that can be reinvested to drive its domination still higher. Such feedback is common in many social systems, and has unfortunate effects – the system behaves counter-intuitively and inconsistently, and resists simple policy changes. This alone may largely explain the unfortunate outcomes of the beer inquiry.

Policy objectives need clarifying, with more attention being given to practical interests of consumers

Problems originating in vague policy objectives and inadequate market models are compounded by the secrecy of inquiries. Inquiries into beer and petrol both spent three years collecting considerable data at great cost to firms and taxpayers. Yet most of this data has nothing to say about the practical interests of consumers. This omission leads to a largely false view of industry processes and (for beer) misdirected suggestions for change.

Yet these dangers are not beyond correction. Policy objectives need clarifying, with more attention being given to practical interests of consumers, such as choice, quality, service and availability, as well as price. The priority of inquiries needs to be reversed, placing the public interest at the forefront, and relegating industry structure to be one possible explanation of consumer harm, if such harm is proved. Data on consumers' experiences need greater attention, as does the role of firms other than those directly under investigation. Reports need to offer a clear description of industry dynamics for open debate, and explain when and how expected outcomes will occur, whether or not any change is proposed. An explicit forecast of how the industry will evolve would focus public debate on the realism of the assumptions behind the proposals. Finally, a post-report period for public debate, combined with an open process and balanced interim reporting, would allow the trade and industry secretary to arrive at considered changes, rather than having to react quickly to what might be poor-quality proposals.

Kim Warren

The author, who is assistant professor of strategy at the London Business School, has produced a paper, "Competition policy and the consumer interest – a comparison of recent MMC inquiries", available from the London Business School

OBSERVER

Refurbishing the cabinet

■ What better way to celebrate the start of parliament's new term than to dabble in Westminster's favourite sport of picking the winners and losers in the next reshuffle.

Young hopefuls on the Tory backbenches will be ever more effusive in their public praise of the prime minister, ever more rude about rival aspirants.

The word is that John Major has yet to decide whether his game plan will be a grand reconstruction, or a cautious refurbishment. But the latter looks more likely.

Whatever else the PM does, he has to replace Tristan Garel-Jones at the foreign office; he bows out after the Maastricht treaty is ratified. And there is persistent talk that one cabinet minister is ready to step aside. But friends of Douglas Hurd dismiss speculation that their man is a quitter. The foreign secretary will stay at least until mid-1994 before departing for a lucrative writing and business career.

Michael Heseltine's aides are equally dismissive of talk that their man has been irreparably damaged by the coal industry debacle and is going to call it a day. Norman Lamont, meanwhile, has told friends he is convinced he's safe at the Treasury until next year.

None of that has dented Observer's confidence in presenting a list of front-runners for promotion. Stephen Dorrell at the treasury is favourite to take the first vacant seat in the cabinet, but Jonathan Aitken at defence, Sir George Young at environment and Roger Freeman at transport are also showing good form.

Slightly lower down the scale, David Heathcoat-Amory is a strong candidate for the Garel-Jones job, while Tim Yeo at health and Alastair Burt at social security are among others who have earned promotion. And if Major does opt for cabinet reconstruction, watch out for David Hunt, the Welsh secretary. He deserves grander things than the principality.

Departure time

■ The Bank of England is set to lose one of its more cerebral influences. Tony Coleby, at 57 the eldest of the Bank's four executive directors, is planning to bow out early next year, thus clearing the way for Eddie George, the governor-in-waiting, to put his own men into positions of power.

Coleby, the director in charge of monetary issues, intends to go when his four-year term ends and he turns 58. His replacement in the executive suite is likely to be 49-year-old Ian Plenderleith, a chain-smoking workaholic who is "Hard Eddie's" closest disciple within Threadneedle Street and currently in charge of market operations.

'I'm the chairman of Group 4 Security and someone's stolen all my clothes'

George, who takes over from Robin Leigh-Pemberton in less than three months wants to make sure – whatever the political considerations – that the government sticks to its inflation target. To help him deal with the inevitable flak, he will need the help of a similarly hard-boiled colleague.

Assuming Plenderleith makes it into the Bank's top layer, he will join a team which includes the new deputy governor Rupert Pennant-Rea, 47, chief economist Mervyn King, 45, international supremo Andrew Crockett, 50, and banking supervisor Brian Quinn, 56.

Coleby, who joined the Bank in 1961, will be missed at Threadneedle Street for his erudite approach to economic affairs and a keen interest in choral singing. He has often brushed with George about the finer points of monetary policy – a tendency that has not always found favour with the new governor.

Taxing question

■ John Birt is seldom floored by an awkward question. But the BBC's director-general met his match yesterday at a lunchtime meeting of the International Press Institute hosted by the FT. He had just been asked about his relationship with the BBC's board of governors when an FT tea-lady marched in, fixed him squarely in her gaze and inquired in booming tones: "Mind if I clear away the lunch, dear?"

Lost for words, Birt gulped and stared blankly until the intruder retreated. "It's all right," he muttered. "That sort of thing used to happen all the time at the BBC."

Shaw thing

■ Remember, George Bernard Shaw got there first. During the very cold winter of 1947, when he was 91, he wrote a letter to The Times, urging engineers to study ways of harnessing the "monstrous excess of power" in the currents in the Pentland Firth, which he reckoned could "electrify half of Europe". Now the DTI is catching up. Yesterday's engineering study identified fast-flowing tidal currents, especially those in the Pentland Firth, between Caithness and Orkney, as a potential energy source.

Just desserts

■ It seems that Russians who smuggled Iraqi asylum-seekers across the Baltic Sea to Sweden were seeking their own kind of asylum. Life in Swedish jails, they thought, was better than their cash and job-starved existences back home.

Prisoners in Sweden are paid allowances of up to 60 crowns a day even for attending a training course and may be eligible for travel grants when on parole. So now officials are considering changing the allowances to make a prison term less attractive for people from countries with a lower standard of living than Sweden.

'Austile

■ Observer's note on the sometimes strained relations between New Zealand and its big neighbour reminded a reader of how Sir Robert Muldoon, a famous NZ premier, once dealt with complaints about the large number of his countrymen emigrating to Australia.

"At least it raises the average IQ in both countries," was the elder statesmen's verdict.

FINANCIAL TIMES
Thursday April 15 1993

Bosnia says peace plan depends on Srebrenica

By Laura Silber in Belgrade and Robert Mauthner in London

THE Moslem-led Bosnian government yesterday warned it would withdraw support for the international peace plan if Srebrenica, the besieged town near the Serbian border, was captured by Bosnian Serb forces.

As reports came in that another eight people had been killed and 21 wounded in the latest Serb artillery attack on the town on Tuesday night, the Bosnian foreign ministry said: "The fall of Srebrenica will signal the final demise of the Vance-Owen plan."

Meanwhile, the UK government was forced into defending its policy towards Bosnia as a fierce attack by Baroness Thatcher, the former prime minister, heightened tensions among members of the ruling Conservative party over the scale of Britain's involvement.

Mr Malcolm Rifkind, the British defence secretary, strongly rejected the former prime minister's call for the Bosnian Moslems to be allowed to arm themselves – possibly setting the UK on a collision course with the US.

Under the Vance-Owen plan, already signed by Bosnian Croats and Moslems but rejected by Serbs, the country would be divided into 10 semi-autonomous provinces. Srebrenica, surrounded by Serb militia, is in a region allocated to the Moslems, but which Bosnian Serbs want to absorb into their territory because it is in an area adjoining the Serbian border.

The renewed attack on Srebrenica, which followed a fierce Serb bombardment of the centre of the city on Monday during which at least 56 people, many of them children, were killed, coincided with a fresh diplomatic offensive by the US and Russia in support of the Vance-Owen plan.

Both the US and Russian special envoys to the Bosnian peace talks, Mr Reginald Bartholomew and Mr Vitaly Churkin, had talks in Belgrade yesterday with Serb and Yugoslav leaders, including President Slobodan Milosevic of Serbia and President Dobrica Cosic of the rump Yugoslavia.

Mr Bartholomew, appointed by President Bill Clinton in February to give a fresh impetus to the peace effort, emphasised time was running out for Bosnia's Serbs to sign the plan.

He warned that, while the US was pursuing "the diplomatic track" for the moment, it was not prepared to wait much longer for Serbia to endorse the peace plan. If it failed to do so, Washington would very soon press its allies to help Bosnian Moslems arm themselves by a partial lifting of the UN arms embargo.

"The military action must stop, the atrocities in places like Srebrenica must stop," Mr Bartholomew said, warning that Serbia would otherwise become a "pariah state" subject to the stiffest sanctions ever imposed.

The road to Tuzla, Page 2

Interagra applies to court for bankruptcy protection

By Alice Rawsthorn in Paris

INTERAGRA, the French farming products business which was one of the most prominent western suppliers of grain and food to eastern Europe during the cold war, yesterday filed for bankruptcy protection.

The company, founded in 1955 by the late Jean-Baptiste Doumeng, known as *le milliardaire rouge*, the red billionaire, has applied to the Paris commercial court for protection. The court will announce its judgment on Tuesday.

In its heyday Interagra made annual sales of up to FFr20bn ($3.7bn) by selling the European Community's "food mountain" – surplus supplies of subsidised grain, meat, dairy products and powdered milk – to communist countries.

Mr Doumeng built up the business by exploiting his personal connections with eastern bloc leaders. He was one of the handful of western businessmen, alongside Mr Armand Hammer, the US-based oil trader, and Mr Robert Maxwell, the disgraced British media tycoon, to operate successfully in the old communist bloc.

But Interagra has floundered since Mr Doumeng's death in 1987. His sons, Michel and Jean-Baptiste, who took over the business, did not have the advantage of their father's contacts. The final blows were the collapse of the Soviet Union and the UN embargo on trading with Iraq during the Gulf war, which sealed off one of its main markets for wheat and meat.

Interagra's annual sales have fallen to just FFr5bn a year and its debts have risen rapidly to the present level of FFr500m.

The management has for some months been in discussion with its banks, which include the Crédit Lyonnais and Banque Nationale de Paris, the French state-controlled banks, in an unsuccessful attempt to secure new finance.

Four of the old Doumeng businesses, including the Seav Interagra tractor company and Silos du Sud-Oeust farm machinery maker, are already under court administration. Sepromec, the Interagra parent company, and SCIII, one of its trading subsidiaries, have also applied for bankruptcy protection.

THE LEX COLUMN

Searing pain

About the best that can be said of House of Fraser's investment in Sears is that the stake was not sold when the shares slumped to 63p. Still, a capital loss of over £60m and a similarly painful cost of carrying the shares leave plenty of room for reflection by all concerned. At present one can only wonder why House of Fraser has sat with the holding for over five years only to sell on the eve of a rebound in the economy. Admittedly, Sears is not the most convincing of the retailing recovery stories. Yet after enduring the horror of the past few years this hardly seems the moment to bale out.

Perhaps the answer lies with House of Fraser's very substantial borrowings, some of which are due for repayment shortly. If the company needs to raise cash its options are limited. Department stores are not the most saleable of retailing assets, and the company would struggle to find buyers at anything like book value. Even putting Harrods on the block might not attract the kind of clientele which was interested a few years ago.

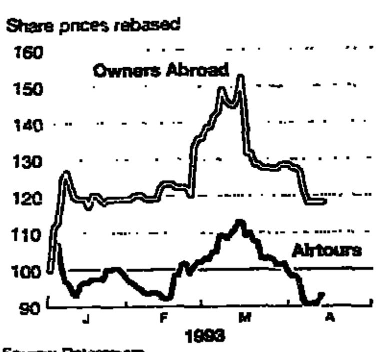
The company is not alone in its philosophical reflections. Bankers feeling uncomfortable might also consider that their lending to House of Fraser looked aggressive even by the standards of the mid-1980s.

For Sears the sale has fewer implications. Sears has to manage the rather different problem of earning a decent return from its sprawling asset base. It appears that the new chief executive, Mr Liam Strong, is having some success with the British Shoe Corporation. Whether he can keep all of the company's other plates spinning at the same time remains to be proved.

FT-SE Index: 2842.1 (-4.7)

UK tour operators

Share prices rebased



Source: Datastream

Hong Kong

Whitehall's spin doctors give the impression that only their sensitivity to Chinese feelings prevents them from crowing about a complete climbdown by Beijing. The truth is naturally a little more muddy, and the concessions by both sides show that everyone wants an agreement. There remains a risk that the talks on democracy in Hong Kong may get bogged down, but a common interest in success should at least give the discussions some momentum.

Once round the negotiating table, however, it may become clear that the two sides want very different agreements and are prepared to hold out until they get them. The enthusiasm of the Hong Kong stock market has thus to be treated with a little caution. While the tug of war between a strong economy and poor politics has been temporarily resolved by one side dropping the rope, the struggle may be resumed. Hong Kong's stock market tends to peak at a price/earnings ratio of around 12.5. Currently it is trading at around 12 times expected 1993 earnings. Sentiment may pull shares somewhat higher, but then the rally will be fed by a heavy diet of new issues.

The best of the current rise may thus have passed. Yet unless politics turns very ugly, the longer-term arguments for Hong Kong are hard to fault. The economy may grow by 6 per cent in 1993, and a similar amount next year. Fears that the Chinese economy might overheat are also subsiding. Steady and sustainable Chinese expansion provides the ideal fuel for Hong Kong's equities.

Whitbread

Whitbread's plan to revalue its property holdings has started to generate nervous anticipation as next month's results draw near. But the move is less frightening than it looks. Whitbread's south-east presence and its hotels mean the write-down could be proportionately larger than that of other brewers. If hints at the interim stage are right, it should amount to around 15 per cent of the £2.5bn retail property portfolio or £375m. But with current gearing of only 16 per cent Whitbread can afford the hit.

That leaves the broader question of the connection between the write-down and the new accounting standards. Till now companies which sold property could credit the entire difference between the price and the original cost to profits. In future, only the difference between price and book value will count. It thus pays companies like brewers with large property holdings to reduce the book value of their assets as far as possible, if only to reduce the risk of having to declare a loss on property sales.

It would be churlish to accuse Whitbread of setting itself up to flatter future profits. Although property disposals accounted for 17 per cent of pre-tax profits in 1991-92, sophisticated investors automatically strip them out. Whitbread's plan for regular property revaluations anyway mean property profits should largely disappear. The new accounting standards will then have scored a double hit: stated earnings will be more a reflection of its basic business and the balance sheet will have become more reliable into the bargain.

Tour operators

The 20 per cent fall in Owners Abroad's share price since it escaped the clutches of Airtours amounts to an unusually swift judgment. The shares are still higher than before the bid was launched, but the scramble to accept Thomas Cook's 150p tender offer hardly amounts to a vote of confidence in the long-term prospects. Since Airtours has also suffered a bout of post-bid depression, the conclusion must be that some of the mud thrown during the fight has stuck.

Yet the prospects look brighter than at the turn of the year. The odds on a recovery in consumer spending have improved and both report good early-season bookings. Since the government declined to refer the bid to a monopolies inquiry, both are free to squeeze independent operators and improve vertical integration by buying more travel agents. That leaves plenty of scope for organic growth and piecemeal acquisitions. During the bid, Owners also promised more savings from its alliance with Thomas Cook.

Bid costs – anything up to £10m for Airtours, less than half that for Owners – might take the shine off the shares. More importantly, by highlighting the scope for price competition the bid did no favours to the sector. An all-out price war looks unlikely this year while bookings are well up with expectations and Thomson's market leadership is unchallenged. Whether the same holds true of next year remains open. The market has recognised as much.

S Africa riots claim six lives in protest over Hani shooting

By Patti Waldmeir and Philip Gawith in Johannesburg

RIOTS SWEPT South Africa yesterday and police shot dead at least six blacks after one of the largest political protests in the country's history. It was called to mourn slain activist Chris Hani.

But political leaders, including officials of the African National Congress, made clear that the death toll was lower than might have been expected, given that hundreds of thousands of people attended rallies and protest gatherings and millions stayed away from work. Employer organisations said 80-90 per cent of workers stayed at home.

ANC officials sharply criticised what they said was an unprovoked attack by police on demonstrators in Soweto, where marshalls struggled, but succeeded, in controlling a crowd tens of thousands strong.

At least four people were killed and some 250 injured, five of them critically.

But in Cape Town, Durban, Pietermaritzburg and Port Elizabeth, ANC officials appeared to lose control of the large crowds, which attacked police, smashed windows and looted shops after breaking away from rallies addressed by ANC leaders.

Police appeared to act with restraint in these areas, although there were later reports that at least two people had been killed in Cape Town. Lack of ANC discipline in these centres raised fears of mounting violence in coming days as South Africa prepares to bury Mr Hani in a white cemetery next Monday.

The Soweto shooting broke out when an angry crowd marched on a police station after attending a rally addressed by Mr Nelson Mandela. Mr Mandela implored a packed stadium, where deaths were narrowly averted as demonstrators were crushed against the closed gates of the arena, to act peacefully.

He praised the white Afrikaner woman whose eyewitness evidence had led to the apprehension of Mr Hani's alleged murderer, and said to South Africa's youth: "Your duty is to take such examples and use them to build a new non-racial nation."

Violence erupted only after he had departed to address a rally in a nearby town.

ANC spokesman Mr Carl Niehaus warned after the Soweto shooting: "This kind of action by police is exactly what will lead this country to bloodshed and... the consequences in days to come must be laid squarely at the door of the police force."

Financial markets reacted nervously to events. The financial rand – a barometer of foreign investor confidence – closed yesterday at R4.82 against the dollar compared with R4.56 before Mr Hani's death, while the stock market index declined by 31 points to 3,498, having shed 51 points on Tuesday.

Ironically, only last week businessmen were cheered by the news that business confidence had risen in March to its highest level in two years.

Although yesterday's unrest will have depressed them, few would have been surprised. Mr Jeff Liebesman, chairman of the W&A group, an industrial conglomerate, said he was "disappointed and upset" at yesterday's events, but not shocked. "We were braced for it as a group."

Mr Liebesman said that while the political leadership had been statesmanlike and mature in its response to Mr Hani's death, it was well known that the youth, in particular, were often a law unto themselves.

Police fire on protest gathering in Soweto

Continued from Page 1

clearly delighted that ANC leaders had managed, against the odds, to control the angry crowd. Then the shooting started.

The truce which reigns in South Africa at the moment is fragile. "We wanted peace, but we can see that they want war," said an angry young African National Congress marshal, Rose Malawu, who said two BBC journalists standing next to her were shot – though she is sure police were aiming at her. "Now we are prepared to fight," she said.

Weston Shabangu, a senior official of the Soweto Civic Association, said he could see the hatred in police eyes before the shooting started: "The way that meeting was so disciplined – I could see that their [the police] hearts were bleeding.

"They think they are sending a signal that we must think twice before burying Chris [Hani] in Boksburg white cemetery," Weston said, shaking his head in anger. He did not want to predict the reaction to the shooting.

Earlier in the day, as we approached the police station in our car, picking a careful path through thousands of walking demonstrators, scores of marchers greeted us with smiles, cries of "Dumela" (a Sotho greeting); one man called me "my sister". Seeing my frightened face, one ANC marshal stopped to smile and say: "This is Africa. It's our land. You don't worry".

One group of very young men called out the radical slogan "one settler, one bullet"; but others nearby shook their heads in disapproval, and smiled at our car full of white journalists.

Everywhere there was anger – but not at us, even though we were the only white targets in sight. The demonstrators made clear they hated the government and the police – not whites for the simple fact of being whites.

Not surprisingly, that positive mood was dissipated by the time the police had finished their unprovoked attack. Chris Hani, who has already become black South Africa's greatest martyr, is no longer there to contain the anger.

US launches $4bn fund to aid Russian privatisation

Continued from Page 1

announce ever larger offers, of decreasing effectiveness. One minister said: "Our emphasis must be on quality, not quantity."

The foreign and finance ministers agreed that further aid for Russia should be conditional upon economic, political and foreign policy reform being made irreversible.

The meeting agreed that aid should be linked to progress in controlling inflation; establishing greater discipline at the Russian central bank; and the restructuring of Russian industry, particularly through the development of small and medium-sized enterprises. The other main focus for aid was decommissioning Russian nuclear weapons.

Mr Douglas Hurd, the British foreign minister, will today emphasise the importance of Russia's playing a constructive role in international affairs, particularly the support for international efforts to end the war in the former Yugoslavia by putting greater pressure upon Serbia.

A British official said: "Foreign policy reform is part of the reform process. We will point out that there will be new sanctions on Serbia by the end of the month and the time has come to stop messing about."

In an opening address, Mr Kiichi Miyazawa, the prime minister, said the success of Russia's economic and political reforms are "crucial in achieving peace and prosperity in the world," and the G7 must take the lead in rallying the international community.

"It is incumbent on the international community to send a clear message that it expects Russia's reforms to be pursued irreversibly," Mr Miyazawa said.

A Japanese official defended the country's record of assistance against veiled criticism from some US officials that the Japanese package announced yesterday focused too heavily on trade credits. He said : "When you compare the Japanese commitment against what what is being given by other countries, it is not as miserable as you might think."

Andreotti immunity inquiry told of Mafia killings link

Continued from Page 1

into the assassinations. The new material could be "an advance warning of other requests for immunity to be lifted on the part of other magistrates," he said.

Mr Andreotti has presented the 23-member senate committee with a 100-page document defending his position. The document casts doubt on the points raised in the magistrates' allegations, dismissing them as circumstantial. The former prime minister has faced down 26 previous attempts to have his parliamentary immunity lifted on a variety of grounds.

● Rome magistrates investigating allegations of corruption in Italy's aid programme to developing countries yesterday issued a cautionary warrant against Mr Ferdinando Mach di Palmstein, a financier associated with the Socialist party. The warrant alleges Mr Palmstein was involved in extortion in connection with aid to Senegal, Argentina and other countries.

Separately, Mr Vito Bonsignore, a Christian Democrat junior minister in the budget ministry, has announced he will resign next week. Mr Bonsignore has been told by magistrates he is under invesigation on two separate allegations of corruption and illegal party funding.

World Weather

		°C	°F
Ajaccio	F	15	59
Algiers	R	12	54
Amsterdam	S	13	55
Athens	F	19	66
Bahrain	S	26	79
Bangkok	C	33	91
Barcelona	F	15	59
Beijing	S	20	68
Beirut	S	26	77
Belfast	C	9	48
Belgrade	F	17	63
Berlin	F	14	57
Bermuda	F	19	66
Bombay		-	-
Bordeaux	F	13	55
Boulogne	C	9	48
Brussels	S	13	55
Budapest	C	10	50
Buenos Aires	R	29	84
Cairo	S	37	99
Cape Town	S	23	73
Caracas	C	28	82
Casablanca †	C	18	64
Chicago †	C	7	45
Cologne	F	14	57
Copenhagen	S	9	48
Corfu	S	21	70
Dallas †	R	19	66
Dublin	F	12	54
Dubrovnik	S	20	68
Edinburgh	S	8	46
Faro	F	14	57
Florence	F	15	59
Frankfurt	F	14	57
Geneva	S	15	59
Gibraltar	R	14	57
Glasgow	C	7	45
Helsinki	S	5	41
Hong Kong		-	-
Innsbruck	F	14	57
Inverness	S	12	54
Islamabad	C	19	66
Istanbul	S	20	68
Jakarta	R	32	90
Johannesburg	S	18	64
Lisbon	R	11	52
London	C	9	48
Los Angeles †	S	12	64
Luxembourg	R	8	46
Madeira	F	19	66
Madrid	C	11	52
Majorca	R	11	52
Malaga	F	18	64
Malta	F	19	66
Manila	C	34	93
Melbourne	F	19	66
Mexico City	F	29	84
Miami †	S	22	72
Milan	F	14	57
Montreal †	F	4	39
Moscow	Sn	1	34
Munich	F	13	55
Nairobi		-	-
Naples	F	20	68
Nassau	F	28	82
New Delhi		-	-
New York †	S	7	45
Nice	S	14	57
Nicosia	S	25	77
Oporto	F	12	54
Oslo	S	9	48
Paris	R	10	50
Prague	F	14	57
Reykjavik	C	2	36
Rhodes	S	23	73
Rio d'Janeiro	F	33	91
Rome	F	16	61
Salzburg	F	14	57
S'Francisco †	Dr	11	52
Seoul	S	16	61
Singapore	F	31	88
Stockholm	S	9	48
Strasbourg	C	12	54
Sydney	R	20	68
Taipei	C	25	77
Tangier	R	13	55
Tel Aviv	S	34	93
Tenerife	F	20	68
Tokyo	S	15	59
Toronto †	C	1	34
Tunis	F	19	66
Valencia	S	17	63
Venice	F	15	59
Vienna	F	14	57
Warsaw	F	10	50
Washington †	S	9	48
Zurich	S	14	57

Temperatures at midday yesterday
† Noon GMT temperatures
C-Cloudy Dr-Drizzle
F-Fair Fg-Fog H-Hail
R-Rain S-Sunny
Sl-Sleet Sn-Snow
T-Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
Thursday April 15 1993

INSIDE

Daf bond holders plan Fl 150m lawsuit

A group of investors who hold bonds issued in 1988 by Daf, the liquidated Dutch truckmaker now re-established as Daf Trucks, plan to sue the issue's lead manager, ABN Amro Bank, and its trustee, Nederlandsche Trust Maatschappij, for Fl 150m ($83m). Mr Gary Klesch, chairman of London-based Klesch & Co, said ABN Amro's 1988 prospectus had been "misleading". Page 18

Record quarter for PaineWebber

PaineWebber, the US securities house, announced strong quarterly earnings again, although higher taxes left net income slightly lower. The PaineWebber result, after record revenues, ensures that the securities industry is on course for its third consecutive year of record earnings. Page 19

Dawn of superpig

A pig free from a gene that can lead to poor quality pork was introduced to the London market by the Lincolnshire-based Cotswold Pig Development Company. Page 24

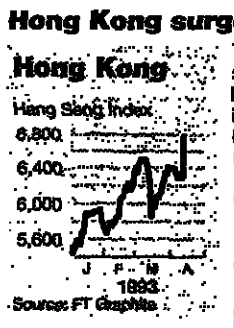
Japan's floating railway

The bounce-back of the Tokyo stock market means that the Japanese government will decide to go ahead with its plan to list East Japan Railway, one of seven regional companies created in 1987. Page 20

CIS joins battle over aluminium

The aluminium industry of the Commonwealth of Independent States has set up an organisation to promote and defend its operations. The International Aluminium Committee will put the CIS industry's case to the European Commission, which is considering whether to set draconian quotas for CIS aluminium imports. Page 24

Hong Kong surges to record



The Hong Kong market surged to a record closing high, with investors believing a resumption of Sino-British talks on the colony's future was good news. The Hang Seng index rose 371.53, or 5.79 per cent, to close at 6,789.74. Mr David Bates of Asia Equity in London believes the market is poised to breach the 7,000 level. Back Page

Market Statistics

Companies in this Issue

Chief price changes yesterday

FRANKFURT (DM)							
Rises				**Rises**			
AB Ind & Verk	556	+	27.2	Fin Paribas	495.1	+	42.1
Colonia Konzern	880	+	30	Fonc Lyonnaise	650	+	18
Heidelb Zem	1090	+	35	Gal Lafayette	1693	+	44
Hochtief	1160	+	20	SLIC	695	+	20
Lahmeyer	854	+	14	Union Immob Fr	555	+	19
Falls				**Falls**			
Aachen Mch	840	–	18	Spie Batignolles	409	–	13
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Digital Equipmt	42⅝	+	2⅛	Daito Seiki	1700	+	180
Paine Webber	28	+	¾	Fujikura Kasei	427	+	58
Falls				Iwatsu Elec	620	+	74
Gillette	55⅝	–	1⅞	Japan Aircraft	819	+	100
Hilton	46½	–	1⅞	Marufuji Sheet	1440	+	180
Kimberly-Clark	50⅝	–	2⅜	**Falls**			
RJR Nabisco	5⅝	–	¼	UNY	1230	–	100
PARIS (FFr)							

New York prices at 12.30pm.

LONDON (Pence)							
Rises				Waste Mangt	544	+	30
Airtours	289½	+	10½	**Falls**			
Alexandra Work	128	+	8	BOC	707	–	16
Argyll	334	+	12	Bemrose	327	–	31
Erith	46	+	8	Bespak	827	–	31
Gibbs Mew	238	+	34	Clinton Cards	144	–	8
Gowrings	51	+	6	Dixons	199	–	6
HTV	51	+	4¼	Euro Disney	1023	–	35
Huntleigh	950	+	50	Sears	101	–	4
ICI	1167	+	24	SEEBOARD	513	–	15
Tie Rack	128	+	10				

Digital losses fail to deter as revenues rise

By Louise Kehoe in San Francisco

DIGITAL Equipment reported larger than expected losses for its third fiscal quarter, but revenues increased and costs declined, providing positive signs that the second largest US computer company is on the way to recovery.

Net losses for the quarter were $30.1m, or 23 cents per share, compared with a net loss of $311.3m, or $2.50 per share, in the same quarter last year. Revenues rose 6 per cent to $3.5bn from $3.3bn, boosted by favourable foreign exchange trends.

Wall Street had been expecting losses of around 16 cents per share, but reacted favourably to Digital's financial report. Digital's stock gained $1½ to trade at $41⅝ at noon yesterday.

"We are meeting the goals we have set for ourselves in returning Digital to profitability and growth," said Mr Robert Palmer, president and chief executive.

"Our overall operating results continue to show improvement, quarter to quarter," he added. "For the first time in six quarters, we generated positive cashflow from operations and investments, even with restructuring activities and the loss."

Mr William Steul, Digital's chief financial officer said: "Our personal computer business doubled year over year, and service revenues grew 12 per cent driven by strength in our systems integration business around the world."

He noted however, that without the favourable impact of foreign exchange rates, revenue would have been flat in the third quarter.

Research and engineering spending declined by 19 per cent from the same period last year. Sales, general and administrative spending fell by 8 per cent.

Digital said that it eliminated 4,000 jobs during the quarter, bringing the total number of job losses to almost 16,000 since the beginning of the fiscal year. The company now employs 98,100 people worldwide.

For the nine-month period, Digital reported revenues of $10.5bn, up 4 per cent from $10bn a year ago.

Net loss for the same period was $364.5m, compared with a loss for the similar period a year ago of $940.4m. The loss includes a $485.5m charge for a change in accounting principles related to post-retirement health benefits.

Industrial Equity in second attempt to float Woolworths

By Kevin Brown in Sydney

INDUSTRIAL Equity (IEL), formerly part of Mr John Spalvins failed Adelaide Steamship group, yesterday announced a second attempt to float its Woolworths supermarket chain on the Australian Stock Exchange.

Woolworths is expected to raise up to A$2bn (US$1.4bn) if the offer goes ahead, which would make it Australia's biggest flotation. IEL abandoned its first attempt in the face of market jitters last year.

IEL said the flotation would proceed unless there was "a serious deterioration in the market which significantly reduces the price obtainable for Woolworths relative to its earnings and value".

The Australian market has rallied since the last attempted flotation was abandoned in September. The stock exchange's All Ordinaries index closed at a three-year high of 1704.4 after the announcement.

IEL said the prospectus would be ready by June, but the exact flotation timing would depend on market conditions.

It said the offer would be made through a book building process under which institutional investors would be invited to apply for shares within a nominated price range. The offer will not be underwritten.

Woolworths, which made an operating profit of A$247m last year, is the biggest asset remaining in the Adsteam group, which has been controlled by its bankers since Mr Spalvins was fired by the board two years ago.

IEL is jointly owned by Adelaide Steamship, David Jones and Tooth, the group's three main companies. It has already sold off its National Foods subsidiary as part of the financial restructuring of Adsteam, which has debts of about A$6bn.

The group reported a net profit of A$79m last year from A$27m in the previous year, compared with substantial losses incurred by its parent companies. It said the improvement would have been larger but for the A$19m cost of deferring the flotation of Woolworths.

The next 12 months are also expected to see the privatisation of the government's remaining 75 per cent stake in Qantas, the sale of a further 19 per cent of the government-controlled Commonwealth Bank, and the flotation of the Channel Seven television network.

Lyonnaise falls 67.5% to FFr379m

By Alice Rawsthorn in Paris

LYONNAISE des Eaux-Dumez, one of France's largest industrial groups, yesterday announced a sharp fall in net profits of 67.5 per cent from FFr1.17bn in 1991 to just FFr379m ($69.4m) last year. The company also said it was considering the flotation of Dumez, its troubled construction subsidiary.

Mr Jérôme Monod, chairman, described 1992 as an "unfavourable" year for the group's public-sector building interests, "dreadful" for property and "good" for its service sector activities, which include water and energy.

"We will do everything we can to ensure that 1993 will be better than 1992," he said. "But the economic environment is so uncertain that no company chairman can be very accurate in their forecasts."

Mr Monod announced the appointment of Mr Guy de Panafieu as deputy chairman and head of its construction and property interests, leaving him well placed to take over as chairman. Mr de Panafieu, 50, succeeds Mr Jean-Paul Payrare, former head of Dumez, who left last summer reportedly after a row with Mr Monod.

Dumez was one of Lyonnaise's main problems last year. The company has been badly affected by the downturn in the European construction sector. Mr Monod hoped to recapitalise Dumez before the end of this year and may eventually float it on the stock market.

Lyonnaise is also considering plans to float M6, its television station.

In the meantime it intends to raise around FFr2bn in cash this year by selling peripheral interests, including its minority stake in Havas, the French media group, and its German radio interests.

The group increased overall sales from FFr87.5bn in 1991 to FFr90.4bn in 1992. It also mustered a slight increase in operating profits from FFr2.59bn to FFr2.69bn. However it was hit by an exceptional loss of FFr198m, against a FFr428m credit. It was also forced to raise provisions to FFr13bn from FFr10.5bn.

Lyonnaise, which has held its 1992 dividend at FFr10, saw sales increase in its service interests from FFr28.9bn in 1991 to FFr32.9bn in 1992, although profits slipped from FFr1.78bn to FFr1.65bn.

By contrast the construction division saw static sales of FFr45.9bn and incurred a loss of FFr461m.

The worst area was property, where Lyonnaise saw sales fall from FFr13.5bn to FFr11.6bn and incurred a FFr805m loss.

Queens Moat has upset the UK hotel sector, writes Michael Skapinker

An industry in great need of a holiday

Mr Rocco Forte will today present the results of another miserable year for the UK's biggest hotel and restaurants group. Analysts who follow the Forte group expect him to announce a cut in the company's dividend. Expected profits of just over £70m ($109m) compare with £190m two years ago.

That most analysts and journalists will be preoccupied with the financial crisis at the rival Queens Moat Houses will be a mixed blessing for Mr Forte, who took over from his father as Forte chairman last October.

The positive side of the Queens Moat saga, from Forte's point of view, is that a dividend cut would now look like a financially prudent step at a difficult time for the hotel industry. The negative is that the Queens Moat crisis has cast a pall over the whole sector.

Leisure sector analysts, many of whom had been positive about Queens Moat until the suspension of its shares on March 31, say investors are likely to steer clear of the sector. "Hotels are in bad odour with the City [of London]," says Mr Paul Slattery of Kleinwort Benson. "I can't think of another issue in my career that's had the effect that Queens Moat has had."

Buoyed by rising asset values throughout the 1980s, many hotel groups expanded on the back of borrowed money. Whatever the outcome of the investigation being conducted at Queens Moat by accountants Grant Thornton, lenders and investors are likely to be wary about hotel groups' future growth ambitions, particularly with balance sheets weakened by diminished property values.

That disillusionment, while intensified by the Queens Moat crisis, has been evident for a while. Groups with hotel interests, such as Forte, Queens Moat, Friendly Hotels and Ladbroke, outperformed the FT-Actuaries All-Share index for much of the late 1980s and early 1990s, before plunging last year.

Hotels have performed significantly worse during the recession than other parts of the leisure sector, such as foreign holidays. While the number of holidays taken abroad last year by UK residents rose to an all-time record of 21.75m, British hotels suffered the lowest occupancies in living memory.

Mr Andrew Duncan of leisure consultants Pannell Kerr Forster Associates, says that while occupancy in London hotels rose 3.8 percentage points to 68.3 per cent last year, this compares with figures in the mid-70s in the 15 years to 1990. Although London occupancies rose as the year went on, the average room rate fell 3.9 per cent to £76.97.

In the English provinces, occupancies rose slightly to 56.1 per cent from 55.9 per cent in 1991, but average room rates fell from £46.24 to £44.11. In Scotland, occupancy rose 2 percentage points to 63.1 per cent, while average room rates remained more or less constant at just above £46. When inflation is taken into account, all regions saw substantial real decreases in room rates. Even last year's occupancy increases are less impressive than they look, as 1991 figures were blighted by the Gulf war.

Mr Duncan adds that hotel customers who have become accustomed to demanding discounts are unlikely to drop the habit as economic recovery gains pace.

"The discount culture is very widespread now. The buyers have got used to value for money over the past few years and it's going to be difficult to go back on that," he says.

On the positive side, Mr Duncan says that hotel groups have cut operating costs during the downturn and that any increase in business will quickly be reflected in profits. But while occupancies will continue to rise, the hotel sector's recovery will be slower than many in the industry think. "It's difficult to see glimmers of hope," he says.

Even some hoteliers appear to find it hard to summon up much optimism. Mr Giles Shepard, managing director of the Savoy Group, which earlier this month announced a pre-tax loss of £1.43m in 1992, said only that "there is a reasonable chance that 1993 will be a better year than 1992".

Some operators are more upbeat. The devaluation of the pound is bringing back American visitors, they say. British hotels are of far higher quality than they were a decade ago. Mr Michael Hirst, chairman of Hilton International, part of the Ladbroke group, says that unlike some consumer goods, hotels do not go out of fashion for good. When travel picks up, hotels do too.

One of the most encouraging features of recent months, he says, is the increase in UK companies booking hotel premises for training programmes. "Whenever companies start to accentuate training, it shows they're getting ready for an increase in business."

Mr John Jarvis, chairman of the privately-owned Jarvis Hotels group, says he sees no reason to revise his plans to take his company public within two years. He says gloom surrounding the industry in the wake the Queens Moat saga will lift as summer approaches.

Mr Jarvis says: "I believe in six months time it will be considered a blip. This is a high profile industry and it gets far more than its share of attention compared to industries like engineering or chemicals. I can see us looking back on this time and saying, 'what was that all about?'"

Mr Jarvis says his company's bookings by foreign visitors are up 28 per cent on last year for the period between now and September. Bookings by short-break holidaymakers in the UK are up 32 per cent.

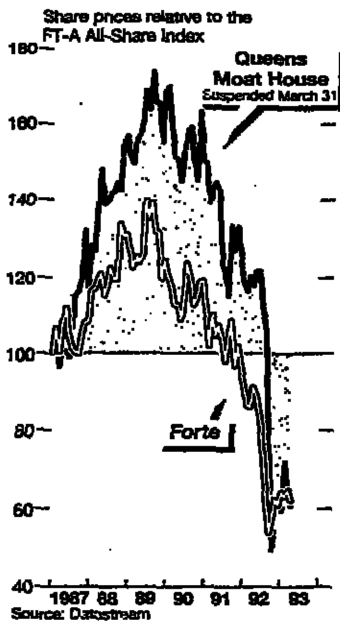
Mr Hirst argues that the level of discounting at any time is a reflection of the balance between supply and demand. When rooms are filled, hoteliers can afford to reject demands for discounting.

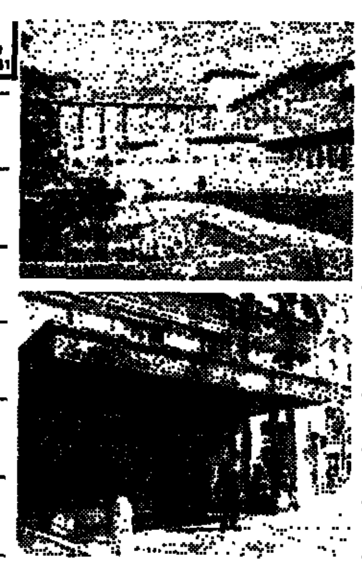
If the tentative recovery in other sectors of the UK economy continues, hotels are likely to gain from the upturn. While the fax machine and the telephone have, to some extent, replaced the need to travel, the search for new customers and the re-establishment of links with old ones requires face-to-face contact.

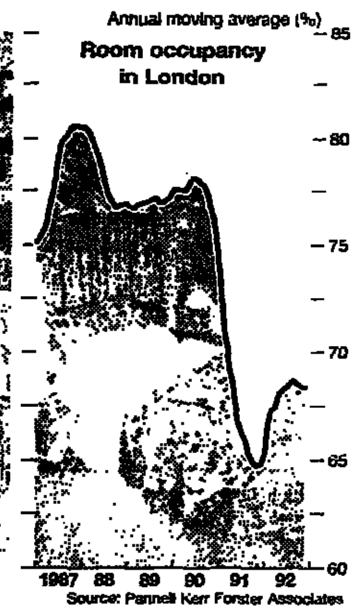
Even if the memory of empty rooms fades, however, the shock of the rapid financial reversal at Queens Moat is likely to linger on.

Investors may be wary about hotel groups' growth ambitions, particularly with balance sheets weakened by diminished property values

Hotel share prices reflect reservations







House of Fraser sells Sears stake for £60m loss

By Neil Buckley in London

HOUSE of Fraser, the department stores group owned by the Fayed brothers, yesterday sold its 10.6 per cent stake in the Sears retailing group for a book loss of about £60m ($93m).

The sale came less than two weeks before Sears was expected to reveal an improvement in pre-tax profits, and amid reports – firmly denied by House of Fraser – that the Fayeds have been considering a £300m management buy-out offer for the House of Fraser stores, excluding the flagship, Harrods.

Goldman Sachs, the US investment bank, placed the 156m shares at 101p with a range of institutional investors, having bought them for 100p – a 4p discount to Tuesday's closing price of 104p. The Fayed brothers have retained a small personal shareholding in Sears.

Mr Michael Cole, a House of Fraser director, said suggestions from City analysts that the sale indicated the group was in financial difficulties were "entirely untrue". He confirmed that the Fayeds paid an average of 140p for the Sears shares in December 1987, making a total of £218m.

The Fayed brothers wanted to realise assets through the sale "to give them the flexibility to further their own business plans in the future", although Mr Cole admitted that some of the money may be used to reduce gearing.

House of Fraser Holdings' last published accounts, for the year to January 1992, show gross debt of £776m, with the group due to repay unsecured bank loans of £100m and secured loans of £50m in 1993-4, and a further £50m of secured loans in 1994-95.

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Banques Populaires falls by 21% to FFr1.28bn

By Alice Rawsthorn in Paris

BANQUES *Populaires*, the French banking group, yesterday *added to the gloomy mood* of France's financial sector by *announcing a 21 per cent fall* in net profits to FFr1.28bn ($239m) in 1992 from FFr1.64bn the previous year.

The decline at Banques Populaires is the latest in a stream of bad news to have come from French banks in the current reporting season. They have been hit by a downturn in demand for credit and by the *need to make steep provisions* on their property portfolios and *industrial investments*.

Société Générale, one of the *largest private-sector banks*, last week announced static net *profits of FFr3.3bn for 1992*. This followed the disclosure of a *26 per cent decline in net* profits for Banque Nationale de Paris, *the state-controlled bank* which is a prime candidate for privatisation, to FFr2.2bn and of a FFr1.85bn loss for Crédit Lyonnais, also scheduled for sale to the private sector.

Banques Populaires, which operates a number of regional commercial banking networks across France, has been affected by the impact of the *economic slowdown* on the industry although its *operations fared reasonably* well last year.

Despite the competitive credit market, the bank managed to raise net banking income by 8 per cent to *FFr17.7bn in 1992 from* FFr16.5bn in 1991. It also increased *operating profits by* 26 per cent to FFr4.6bn from FFr3.6bn over the same period.

However, the group was forced to make a steep increase in provisions on sour loans and dubious investments. Mr Jacques Delmas-Marsalet, chairman, said yesterday that the level of provisions had been raised by 50 per cent to FFr3bn last year from FFr2bn in 1991 *thereby triggering the fall in* net profits.

Banco Central Hispano nears marketing accord with SocGen

By Tom Burns in Madrid

BANCO Central Hispano, one of Spain's leading banks, is close to reaching an agreement with France's Société Générale which will allow the two banks to pool their marketing resources outside their domestic bases. The agreement will also enable the banks to *use each other's branch* networks.

The pact, which *is likely* to be signed next week, is seen by the Spanish bank as an important part of an attempt to restart Europartners, a consortium that pooled BCH with Crédit Lyonnais of *France, Banco di Roma of Italy and Commerzbank of* Germany.

The German bank *maintains* its links with BCH through a 4.7 per cent stake that it owns in the Spanish bank's equity, but the Europartners initiative was abandoned after Crédit Lyonnais started building up *its own branch network in* Spain at the beginning of the 1990s.

Société Générale, which is *poised to replace Crédit* Lyonnais as BCH's partner in France, is in the meantime exploring possible joint initiatives with Commerzbank and with National Westminster of the UK.

A spokeswoman for BCH said that Société Générale's potential links in the UK and *in Germany were separate* from the French bank's forthcoming agreement in Spain. BCH is seeking a UK partner with which to forge a similar commercial pact, but this is unlikely to be National Westminster, Barclays or Lloyds, all of which already *have branch networks in* Spain.

Last month, BCH exchanged 2 per cent of its equity for a 10 per cent stake in Banco Commercial Portugues, BCP, in the biggest share-swap agreement to date between Spanish and Portuguese banking institutions.

Ahold fixes price for rights issue

By Ronald van de Krol

AHOLD, the Dutch-based food *retailer*, has *fixed the* issue price of its previously-announced *one-for-10* rights issue at Fl 89 per share. The proceeds of slightly more than Fl 450m ($253.6m) will be used to strengthen shareholders' equity after a string of acquisitions in 1991 and 1992.

The rights issue, announced *last month when the company* unveiled its 1992 results, had *come as a surprise* because Ahold had not been expected to issue new shares until it made its next big acquisition.

Ahold's shares closed down Fl 0.80 at Fl 96 in Amsterdam yesterday.

Trading in the rights to the *5.1m new common shares* is due to start on April 19 and end on *April 29*, with payment on May 13. The rights issue has been underwritten by a banking syndicate led by ABN Amro of the Netherlands.

Dasa hit by cuts in military spending

By Christopher Parkes in Frankfurt

DEUTSCHE Aerospace, *the* aircraft and space technology division of *Daimler-Benz*, suffered a 17 per cent drop in new orders last year as civil and military spending cuts took effect.

The company, which lost a net DM341m ($216m) on sales of DM17.3bn in 1992, was still on course to return to profit by 1995, Mr Jürgen Schrempp, chairman, said yesterday.

However, planning would be eased and potential capacity *problems could be avoided if* the Bonn government made clear decisions now on its future strategy. Further cancellations of public contracts threatened the whole defence industry, he warned.

Total new orders fell to DM12.5bn last year from DM15bn. Defence contracts fell more than expected to *DM2.4bn from DM2.7bn.*

The company, which made a net profit of *DM50m in 1991*, would have been in the black last year had it not been obliged to take extraordinary charges for personnel and strategic measures, the company said.

Only two of its six divisions – space systems and aircraft, *which includes Deutsche Airbus* – made an operating profit *last year. Defence and civil* systems alone lost DM264m.

Dasa, a core business within Daimler-Benz, which recently forecast a further fall in group *earnings of up to 30 per cent* this year, expects sales for the *year to be little changed from* last year's DM17.3bn.

It has been hard hit by the combination of recession and the slump in defence markets since the ending of the cold war, and first warned several *months ago that it faced the* most difficult two years in its history.

Meanwhile, the management has pressed ahead with plans to develop its interests in civil aircraft.

Holders of Daf bonds plan lawsuit

By Ronald van de Krol in Amsterdam

A GROUP of investors holding bonds issued in 1988 by Daf, the liquidated Dutch truck-maker that has recently been re-established as Daf Trucks, *said yesterday* that it plans to sue the issue's lead-manager, ABN Amro Bank, as well as its trustee, Nederlandsche Trust *Maatschappij*.

Mr Gary Klesch, chairman of London-based *Klesch & Co*, said that ABN Amro's 1988 prospectus had been "misleading", while the trustee company had neglected to protect bondholders' rights when Daf was restructured in 1992.

A *spokesman for* ABN Amro said the bank was aware of Mr Klesch's charges but rejected them.

The investors, who *belong to* the newly-formed Association for the Promotion of the Interests of Daf NV Bondholders, will be seeking damages of Fl 150m ($82.8m), equivalent to the total value of the 1988 issue of 6¾ per cent bonds.

The bonds have a nominal *value of Fl 1,000* but are trading at just Fl 7 following the *collapse of the original Daf* company and the formation of its successor. Mr *Klesch said* that, so far, the association represented investors holding Daf bonds worth Fl 30m and that discussions were taking *place* with other bondholders.

At issue is the prospectus's *wording on the subject of* equal treatment of current and future *creditors*. *Mr Klesch* said holders of the bond issued by Daf NV, a holding company, were given to understand that they would be accorded equal treatment if the company provided security to any future lenders. In the 1992 restructuring, security was furnished to Daf's bankers by the company's operating subsidiaries, not *the holding* company itself, he said. "The prospectus should have been *clearer*," Mr Klesch said.

● **BolsWessanen**, the newly-merged Dutch foods and beverages group, said it was considering selling a 50 per cent stake in a baby-food subsidiary *to Nutricia*, a leading Dutch producer of food for infants.

The subsidiary, *Lyempf*, which had 1992 sales of Fl 110m *($60.7m), sells baby foods* and milk powder under the Bebelac brand name. It has two production sites in the Netherlands and employs 175 people.

The companies said discussions had begun and that details would be released when an agreement was reached

Outokumpu to raise FM500m

By Christopher Brown-Humes in Stockholm

OUTOKUMPU, the Finnish mining and metals group, is planning a FM500m ($85.69m) rights issue this year to strengthen its balance sheet and help finance its investment programme.

The Finnish state has already indicated that it would *support the issue in line* with its 57.5 per cent direct stake in the company.

The timing of the move has yet to be decided, but could come as early as the late spring to exploit improved stock market conditions in Fin*land following the sharp* depreciation of the markka and the fall in domestic interest *rates*. The issue will carry preferential subscription rights for current shareholders.

Mr Pentti Hakkarainen, a vice-president, said proceeds from the issue would help the group move closer to its target of a 30 per cent equity/total *asset ratio from its current* level of around 17 per cent.

*It would also enable the com*pany to maintain its annual capital expenditure at the FM1.3bn to FM1.5bn level, he stated.

Outokumpu has been encouraged to proceed with the plan by its own improving *financial performance*, with losses before extraordinary *items narrowing last year to* FM360m from FM768m in 1991. A further improvement in its result is expected this year.

Outokumpu was one of five Finnish state-owned groups earmarked for possible privatisation last November. *The gov*ernment said it was looking to *expand the ownership base of* the companies and to ensure they had adequate financial resources for their development.

Ciba sales slide 4% to SFr5.69bn

By Ian Rodger in Zurich

*CIBA, the Swiss pharma*ceuticals and chemicals group, *has reported a 4 per cent slide* in consolidated sales in the first quarter to SFr5.69bn ($3.93bn).

Sales in the healthcare sector grew 5 per cent to SFr2.07bn, but this was not *enough to offset continuing* weakness in the agricultural and industrial chemical sectors.

Sales of plant protection products, for example, were down 15 per cent to SFr1.2bn and sales of *textile dyes* dropped 6 per cent to *SFr359m*.

Sales in the agricultural sector as a whole were down 13 per cent to SFr1.4bn, partly due to seasonal factors, but *Ciba said* there was a perceptible rise towards the end of the *quarter*.

The growth of sales in the healthcare sector was substantially lower than the levels achieved a year ago. Ciba said it was not possible to repeat the extraordinarily high intro*ductory sales of Habitrol, its* nicotine patch to help people stop smoking, achieved during the first quarter of 1992.

The group said it still looked for a modest increase in sales in the year as a whole.

Tie Rack posts record £5.1m for year

By Maggie Urry in London

TIE RACK, the UK tie retailer, *recorded a fivefold increase in* profits in the financial year to January 31.

Pre-tax profits were a record £5.1m ($7.7m), up from £1m in the previous year when there was an exceptional charge of *£504,000, and the group* doubled its dividend to 1p.

Mr Nigel McGinley, chief executive, said that capital expenditure this financial year would double to £3m.

TSB to withdraw from estate agency business

By Scheherazade Daneshkhu in London

TSB, the UK banking group, is *to withdraw from the estate* agency business.

It plans to establish a joint-venture company with National & Provincial building society that will manage TSB's estate agency business and *provide a range of financial* services.

The joint venture is expected to be a convenient device to allow TSB to make a controlled withdrawal from the estate agency market.

The group made a pre-tax profit of £43m ($65m) in 1992 compared with a loss of £47m in 1991. However, there has *been little recovery in its prop*erty services division, which lost £6m in 1992 and £7m in 1991.

Mr John Wriglesworth, building society analyst at UBS, estimates that the deal will cost National & Provincial between £5m and £10m.

TSB's chain of 133 residential estate agents has been making losses and in January the group said it would be concentrating on its core businesses.

Strong quarter at PaineWebber

By Patrick Harverson in New York

PAINEWEBBER, the US securities house, announced another strong set of quarterly earnings yesterday, although increased taxes left net income for the first three months of the year lower than a year ago at $70.9m against $74.3m.

The higher tax rate aside, PaineWebber reported record net revenues of $696.8m, up 6 per cent on 1992 and the highest in the firm's 114-year history. Earnings per share of $1.26, fully diluted, were also a record.

The PaineWebber results ensure that the securities industry, buoyed by large interest in equities from individual investors and heavy demand for underwriting services from corporations, is on course for its third consecutive year of record earnings.

Analysts estimated that Wall Street firms would earn more than $2bn between them in the first quarter alone.

Revenues from all of PaineWebber's main business segments were higher than a year ago, mirroring the performance of Merrill Lynch, another big Wall Street securities house, which reported record profits on Tuesday.

Earnings from brokerage commissions rose 5 per cent to $242m, while revenues from principal transactions and investment banking rose slightly, to $203.7m and $100.6m, respectively.

The fastest-growing business, was asset management, where earnings jumped 17 per cent in the quarter to $73.3m as mutual fund assets rose 24 per cent and total assets under management climbed to about $37.5bn.

Interest revenues advanced 9 per cent to $289.5m.

Within the different business segments, Mr Donald Marron, PaineWebber's chairman, singled out the performance of the institutional sales and trading business, which reported 13 per cent growth in revenues, led by client-driven fixed income and equity sales.

Retail sales and marketing, part of the firm's traditional securities brokerage business, also fared especially well, said Mr Marron.

About 250 new brokers were added to the workforce during the quarter, taking the total to 5,150.

PaineWebber's expenses climbed almost 7 per cent to $580.5m in the quarter, mostly because of higher performance-related employee compensation.

PaineWebber's earnings pleased investors.

The company's shares rose $¼ to $27¾ in early trading on Wall Street, the highest level the stock has been in the past year.

Bank of New York earnings jump 52%

By Alan Friedman in New York

BANK of New York, which last year agreed to buy 62 branches from the US subsidiary of Barclays Bank, yesterday unveiled a healthy 56 per cent jump in its first-quarter net earnings, to $125m.

The first-quarter profit translates into fully-diluted earnings per share of $1.37, up from 97 cents in the same quarter of 1992.

The result was achieved on the back of wider interest margins, higher fee income, lower non-performing assets and better earnings resulting from a continuing shift in the bank's mix of assets.

The bank, with total assets of $40bn, said fee income rose by 14 per cent year-on-year, to $108m, thanks largely to credit card processing.

Total non-performing assets dropped by 33 per cent, to $860m, while bad debt provisions in the quarter declined to $100m from $157m in the first quarter of 1992.

Net interest income was $334m in the quarter, compared with $308m a year before. Non-interest income increased by 11 per cent to $320m in the quarter.

The adoption of new accounting standards resulted in a $46m charge to retained earnings for prior periods, but the bank said the charge would have no future impact. Its return on assets in the quarter was 1.2 per cent, up from 0.77 per cent.

On Wall Street, Bank of New York's share price was unchanged at $61¾ before the close.

● Wachovia, the North Carolina-based bank, reported that its first-quarter net income rose by 14.6 per cent to $121.6m, or 69 cents a share.

● First of America Bank realised first-quarter securities gains of $7.2m, pushing earnings for the period to $58.6m, or 98 cents, Reuter reports. It earned $26m, or 41 cents, in the first quarter of 1992.

Royal Trustco deep in red as provisions almost treble

By Bernard Simon in Toronto

ROYAL Trustco, the crippled financial services group controlled by Toronto's Bronfman family, has disclosed the severity of the financial problems which led to the pending takeover of its operations by Royal Bank of Canada.

The group yesterday reported a record net loss in 1992 of C$852m (US$676.1m), or C$5.93 a share, compared with earnings in 1991 of C$107m, or 25 cents a share.

Loan-loss provisions almost trebled to C$421m from C$155m.

Much of the increase was blamed on a significant deterioration in its commercial real estate portfolio in the fourth quarter, especially in Canada.

The company also took a C$93m write-down of goodwill in the fourth quarter, while assets fell to C$25.1bn from C$37.5bn.

Royal Trustco was for years one of Canada's most venerable financial institutions, specialising in home mortgages and fiduciary services. But ill-advised forays into Europe and the US, compounded by the North American recession, resulted in heavy losses in recent years.

Trilon Financial, a Bronfman holding company, earlier this year began seeking an outside investor to inject equity into Royal Trustco. Trilon Financial last month agreed to sell all Royal Trustco's operations to Royal Bank of Canada for C$1.65bn.

Royal Trustco will be left as little more than a shell to recoup what it can from a loan portfolio of C$4.5bn.

The company expects the deal with Royal Bank to close either in the late summer or autumn.

Several outside shareholders have accused Royal Trustco's management of not providing timely disclosure of the company's financial problems.

Royal Trustco's share price has plummeted from a peak of C$18.25 in 1990 to 43 cents before the close yesterday.

Banacci up 24% after revaluation

By Damian Fraser in Mexico City

CITY Grupo Financiero Banamex-Accival. (Banacci), Mexico's largest financial institution, lifted its results to 858m new pesos ($277m) for the first quarter, a 24 per cent increase on the first quarter of 1992.

The results include a 183m peso revaluation of subsidiary assets. Excluding the revaluation, profits were 675m pesos, a 12.5 per cent increase on 1992.

Banamex, the recently-privatised bank and the group's largest subsidiary, contributed 570m pesos to profits, a 14 per cent increase on the first quarter last year. Mexican banks, unlike other Mexican companies, do not adjust results for inflation, which in March was 10.4 per cent on an annual rate.

Mr Jorge Hierro, director of investor relations at Banamex, attributed the profits increase to the growth in the bank's loan portfolio of 29 per cent and in retail loans of 62 per cent. In addition, it improved margins and benefited from cost controls.

Accival, the group's brokerage, had profits of 41m pesos, a 19.5 per cent return on equity, against the bank's return on equity of 26.8 per cent.

Mixed results at US hotel chains

By Nikki Tait in New York

MARRIOTT and Hilton Hotels, two of the largest quoted hotels groups in the US, unveiled first-quarter results yesterday which reflected mixed experiences in the lodging market.

Marriott's lodging operations saw a 17 per cent increase in operating profits during the three-month period, although revenues were up by only 3 per cent.

In the full-service hotel sector, the group saw a gain of 3 percentage points in occupancy levels, while room-rates were generally static.

However, in the mid-price and economy segment Marriott reported higher room-rates. Occupancy levels at the Courtyard and Residence Inn chains improved while the Fairfield Inn, the economy chain, saw a one percentage point drop in occupancy levels, to about 75 per cent.

The profits advances in the lodging division helped Marriott to a net profit before accounting-related changes of $19m, up from $11m last time.

Total sales were $2.08bn compared with $1.95bn. Contract services, the group's other large division, saw a 25 per cent gain in operating profits and an 11 per cent sales advance.

Marriott is attempting to demerge its financially-healthy lodging and contract services operations into a separately-quoted company, leaving behind its property assets and the bulk of the group's heavy debts.

It said the plan, opposed by some bondholders, would be voted on by shareholders at the 1993 annual meeting on June 22.

"Despite the mixed signals in the economic environment, we are optimistic about the rest of the year," said Mr J. W. Marriott, chairman.

Hilton said its hotels division saw a 3 per cent decline in operating profits in the first quarter. Occupancy rose by 4 percentage points, but room rates remained flat, and dipped in some important markets.

In Hilton's gaming division, business was more encouraging, leading to an 18 per cent advance in operating profits. That left the group overall posting a 4 per cent increase in after-tax profits, at $23.1m, before accounting-related changes. Total revenues were up by one-fifth at $331.6m.

Goodrich shares hit by poor term

SHARES in B.F. Goodrich, the US plastics group and specialty chemicals group, dropped after the company posted first-quarter financial results that were much lower than expected, Reuter reports.

The Ohio-based company lost $7.6m, or 38 cents per share, in the first quarter, while analysts had expected a profit of about 1 cent per share. For the same period last year, the company made a loss of $1.9m, or 16 cents a share, before accounting adjustment.

Goodrich said its aerospace businesses continued to meet expectations during the quarter and that many of its speciality chemicals businesses performed well in the quarter.

"But results for the segment overall continue to be hurt by weak demand in construction-related markets and by generally poor economic conditions in Canada and Europe," said Mr John Ong, chairman.

Goodrich has said that it planned to spin off its Geon Viny division as a wholly-owned subsidiary, Geon Co, offering about 50 per cent of the new company's stock to the public.

Sega links with cable TV groups

By Michiyo Nakamoto in Tokyo

SEGA, the Japanese video games and entertainment company, is linking with Time Warner and Tele-Communications (TCI), two of the largest US cable television companies, to deliver video games software directly to US homes.

The three companies are setting up a joint venture company in the US that will use satellite broadcasting to send Sega video games software to subscribers of Time Warner and TCI's cable television.

They will take equal shares in the new company, which is due to be established in the US this summer.

Details of the video games service have not yet been finalised, but the subscription fee is expected to be between $15 and $20.

Subscribers will need a Sega Genesis video games machine, selling for about $100 in the US, and an adaptor, unless they own one of the 7.5m Genesis machines sold in the US.

Sega said the large base of Genesis users was expected to provide the first subscribers. It believes the service could attract most of the 20m subscribers to Time Warner and TCI's cable television service.

The deal places Sega a step ahead of Nintendo, the largest video games manufacturer and Sega's arch-rival, which has been planning to launch a similar service.

American Home gains 11% in first period

Karen Zagor in New York

AMERICAN Home Products, the US pharmaceutical company, yesterday posted first-quarter net income of $401.5m, or $1.29 a share, on sales of $2.11bn.

A year earlier, the company's results were muddied by a number of special items which cumulatively added $90.1m to earnings and brought net income to $453.4m, or $1.43, on sales of $2bn.

Stripping out a one-time items in 1992, American Home Products's net income advanced 11 per cent in the latest quarter.

The company's pharmaceuticals business saw the biggest sales gain in the quarter, rising 8 per cent to $1.26bn on the back of strong sales of anti-inflammatory drugs and drugs for women.

In consumer healthcare, sales rose 2 per cent to $448.5m, reflecting a less severe cold and 'flu season. Food products sales were flat.

Pratt & Whitney to cut 9,000 jobs

By Nikki Tait

PRATT & Whitney, the aero-engine manufacturing division of United Technologies, plans to eliminate 9,000 jobs in Connecticut by the end of 1994 - 2,300 more than it had previously announced.

The year-end worldwide employment target remains at 30,000 people.

The company is to close manufacturing at its East Hartford and Southington facilities, and half its operations at North Haven. Production will move to Georgia and Maine.

Nabisco modifies scheme to create two types of share

By Nikki Tait in New York

RJR NABISCO, the large food and cigarettes manufacturer, is to proceed with its "targeted stock" scheme – which will create two classes of shares, one pegged to the fortunes of its tobacco division and one to the performance of its food operations – in spite of the cigarette price war begun by Philip Morris, a rival manufacturer, earlier this month.

RJR Nabisco says its scheme will be modified in two important respects. First, the group will simply proceed with the sale of 93m RN-Nabisco shares to new investors. These shares will be pegged to the food operations' performance and represent a 25 per cent interest in the food group's equity.

RJR Nabisco will not issue RN-Nabisco shares to existing investors in the company at this stage. Instead, the existing RJR Nabisco shares will be renamed as RN-Reynolds shares once the RN-Nabisco flotation has gone ahead, and Reynolds group will retain the remaining 75 per cent interest in the food group's equity.

This contrasts with the original targeted stock scheme, which envisaged that another 142m RN-Nabisco shares would be issued to existing RJR Nabisco shareholders about six months after the flotation of RN-Nabisco shares.

Secondly, the company will delay declaring any dividends on the renamed RN-Reynolds shares until "there is a clear assessment of the domestic tobacco operating environment and the company can initiate a dividend policy that is consistent with its capital structure and credit rating targets".

This group of shares will carry a "pass-through" dividend of about three cents a share from the third quarter of 1993 onwards, reflecting this stock's retained interest in the dividend-paying food interests.

The scheme retains the all-important fund-raising elements of the original package. The flotation of the RN-Nabisco shares is scheduled to raise about $1.5bn – a valuable contribution to RJR Nabisco's ongoing effort to pay down the heavy debts dating back to the $25bn leveraged buyout of the company in 1989.

It will also let the company report the performance of its food side – likely to be in better shape than tobacco in the immediate future – separately.

Salomon debt downgraded by Standard & Poor's

By Karen Zagor in New York

SALOMON, the US securities house, has had about $8bn of outstanding debt downgraded by Standard & Poor's, the US credit rating agency. The downgrade, which could push up the cost of Salomon's borrowings, reflected the firm's reliance on proprietary trading activity "which has increased its vulnerability to quarterly earnings volatility," S&P said.

Salomon's longer-term senior debt rating was cut to single A minus from single A. Its subordinated debt rating fell to triple B plus from single A minus. Preferred stock received a rating of triple B from triple B plus, and the commercial paper rating was cut to A-2 from A-1.

Mr Donald Howard, chief financial officer said: "Some rating agencies focus too heavily on the short-term volatility of Salomon's earnings and give inadequate weight to our results measured over longer time-frames and to the exceptional quality and liquidity of our assets."

General Electric climbs 10% in quarter

By Nikki Tait

GENERAL Electric of the US has reported a 10 per cent increase in first-quarter profits to $1.16bn after tax, helped by strong earnings advances in most divisions other than aircraft engines and technical products and services.

The improvement translated into earnings per share of $1.36, up by 11 per cent on $1.23 reported for the first quarter of 1992. If the discontinued aerospace operations are excluded from the comparisons, after-tax profits from continuing businesses would have risen by 13 per cent, to $1.08bn.

First-quarter revenues from the continuing interests increased by 3 per cent, to $12.9bn, year-on-year.

Mr Jack Welch, GE's chairman, said the earnings growth was "broad-based as double-digit increases were reported by GE Capital Services, transportation systems, motors, NBC, power systems, appliances and plastics". The lower profits in the aircraft engines division, which produces Pratt & Whitney engines, "reflected an increase in product development costs and restructuring costs necessary to meet market conditions", he said.

Mr Welch also suggested that the first-quarter results "positioned the company for another strong year of earnings growth".

Within its various operating divisions, GE said that GE Capital Services had seen net earnings advance by 22 per cent, with the sharpest advances coming in its speciality insurance and speciality financing units.

● Mr Michael Goldstein, vice-chairman of Toys R Us, said he was pleased with business so far this year.

He said sales had been particularly strong in computer games, although bad weather had hurt sales of warm-weather products.

Japanese 'mini-bubble' set to catch a train

A rail group is about to test the strength of Tokyo's rebound, writes Emiko Terazono

THE rebound of the Tokyo stock market, already termed by some investors as the "mini bubble", spells relief for the Japanese government, forced over the past two years to postpone floating off its holdings in Japanese companies by falling share prices.

This week, the government is due to decide to go ahead with the listing of East Japan Railway (JR East), one of the seven regional companies created in 1987 by the break-up of Japan National Railways (JNR), the national railway operator.

JNR was split up in order to tackle its mounting losses resulting from inefficient operations and rising debt. A government-owned company, JNR Settlement Corp, was set up to hold the shares in the resulting six passenger companies and one freight company, thereby removing them from direct government control, but not government ownership.

JR East is ready to file a preliminary application to the Tokyo stock exchange for a listing in October. Half of the company's 4m shares are expected to be offered in the first tranche, with 500,000 shares to be auctioned.

JNR Settlement needs to sell the shares to raise funds to reduce JR East's mounting debt. Initially, the holding company had planned to reduce the debt by selling railway property.

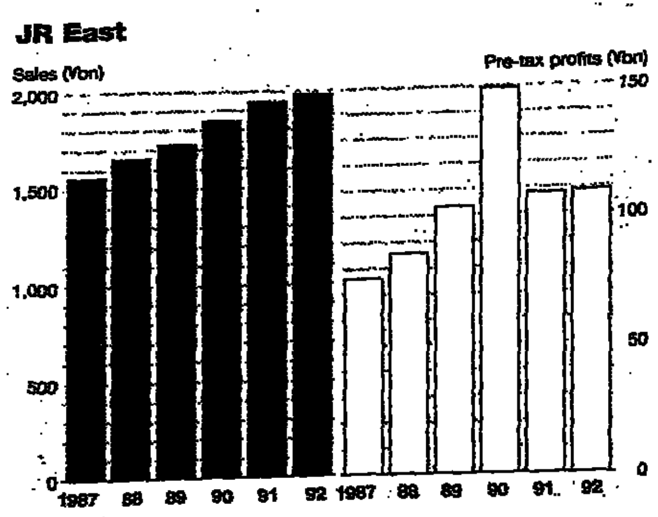
However, the government introduced restrictions on land sales in the 1980s after a sharp rise of Japanese property prices prompted fears that railway company land sales would fuel the surge in property prices.

Meanwhile, Japanese stockbrokers are eager to promote JR East shares, hoping that low-priced stock will bring retail investors back to the market.

A recent survey by Okasan Economic Research Institute, the research arm of Okasan Securities, a second-tier Japanese broker, showed that 66 per cent of 1,200 investors surveyed were interested in buying JR East shares.

At the same time, an 82 per cent surge so far this year in the share price of Nippon Telegraph and Telephone (NTT), the privatised telecommunications group in which the government still holds a 65.7 per cent stake, has helped lift retail investor confidence.

The earlier plunge in NTT shares, the most widely held stock in Japan, disillusioned individual investors and sparked distrust in the government which sold the NTT shares at a high price.



Last August, the NTT stock had fallen 80 per cent from its peak, prompting the government to postpone offering additional tranches in NTT shares as well as the listing of JR East. Although some investors are still cautious, the recovery in NTT shares has set the stage for the JR East listing.

Japanese brokers have already embraced the flotation and are promoting companies related to the JR group, such as rolling stock manufacturers and railway construction companies as a new "theme" for the stock market.

According to the Okasan survey, investors said they were willing to buy the shares if they were priced at about Y200,000 each.

A figure now mooted in the Japanese press is Y250,000, which, if JR East decides to maintain its previous year's dividend of Y5,000 a share, would mean the stock would yield 2 per cent. "As a stock it's good value," says Mr Graeme McDonald, analyst at James Capel in Tokyo.

However, the company is unlikely to grow quickly, and is expected to be burdened by heavy capital expenditure for the 1998 Olympics in Nagano. The company reported a 0.9 per cent rise in pre-tax profits to Y109bn ($956.14m) for its last financial year and estimates pre-tax profits will fall 7.1 per cent for the current year to March 1994.

Moreover, unlike other private railway companies that have diversified into land development and retail businesses, JR East has only its railways operations to rely on. Ms Kumiko Takase, analyst at Barclays de Zoete Wedd in Tokyo, says: "JR has nothing to fall back on when the railway business does badly."

The Tokyo stock market has rebounded on government support measures, the recovery in NTT's share price, an increase in liquidity due to low interest rates, and the release of positive economic news.

Since the outcome of JR East's listing will decide the fate of other semi-privatised corporations – such as Japan Tobacco, and the remaining Japanese railway companies – government officials are keeping their fingers crossed that the "mini bubble" does not burst before October.

Waste Management sees flat term

By Laurie Morse in Chicago

WASTE Management, the world's largest rubbish hauler, said that it expected to report flat earnings in the first quarter.

The Illinois-based company's stock tumbled to a 52-week low this week as investors became disillusioned with the company's growth potential.

Waste Management issued the earnings estimates in response to adverse Wall Street projections earlier this week. It will release official results next week.

In spite of adding more than 400 salespeople in North America last year, Waste Management forecast first-quarter earnings of 40 to 41 cents per share.

This was little changed from last year's first-quarter result of 39 cents per share.

The group's publicly-traded subsidiary, Chemical Waste Management, is also expecting flat results for the first quarter, at $29m, or 15 cents per share.

Waste Management's Wheelabrator Technologies subsidiary is expected to earn between 17 and 18 cents per share in the quarter, down sharply from last year's 29 cents per share.

Earnings at Waste Management International, the group's UK subsidiary, were projected at between 13 and 15 cents per American depositary share.

The company said that first-quarter results for its newly-formed Rust International subsidiary were expected to meet internal expectations, but the company did not provide details.

Waste Management, which had been expected to benefit from the new American administration's interest in the environment, plans to change its name to WMX Technologies at its annual meeting on May 14.

Qatari bank returns to black after BCCI loss a year ago

QATAR'S Doha Bank, which lost $28.6m in 1991 mainly because of a deposit with the failed Bank of Credit and Commerce International (BCCI), said it returned to profit in 1992, Reuter reports from Manama.

Doha Bank, which is owned by Qatari shareholders, announced a QR38m ($10.5m) net profit for last year. It made a $65m deposit with BCCI in 1991 but expected to get back only 40 per cent of the sum.

The bank, with branches in Pakistan and New York, plans to raise its paid-up capital by 50 per cent to QR78.5m by issuing shares worth QR26.25m. It said it had won approval from the Qatari authorities to increase its capital, and the issue would be put before a shareholders' meeting next week. New shares would be offered to shareholders at a face value of QR100.

Assets rose to QR2.73bn in 1992 from QR2.64bn the previous year. Shareholders' equity rose to QR200m from QR172m. Earnings per share stood at QR72.42 in 1992. The bank has an 11.11 per cent capital adequacy ratio, higher than the 8 per cent required by the Bank of International Settlements.

INTERNATIONAL CAPITAL MARKETS

Gilts lose ground as signs of recovery dash rate cut hopes

By Sara Webb in London and Patrick Harverson in New York

THE UK government bond market lost nearly a point yesterday as the latest indications of recovery in the UK economy dashed hopes of further interest rate cuts.

Yesterday saw the release of better-than-expected manufacturing output figures and a relatively favourable Treasury report on the economy.

Manufacturing output rose 1.2 per cent in February after a revised 1.3 per cent rise in January, whereas economists had forecast a much smaller rise of only 0.2 per cent. Industrial output rose 1.6 per cent in February, following a 0.1 per cent fall in the previous month, whereas a rise of 0.5 per cent had been expected.

The Treasury report pointed to an improvement in demand and activity, while adding that inflationary pressures remained subdued.

Sterling remained strong yesterday, trading at DM2.4723 to DM2.4733, against DM2.4616 to DM2.4648 the previous day.

Among short-dated issues, the 7¼ per cent gilt due 1998 fell 21/32 to 101¾, while at the long end of the market the 8 per cent gilt due 2013 fell 23/32 to 46⅞.

Dealers said the market expected the Bank of England to announce its next gilt auction tomorrow.

GOVERNMENT BONDS

■ THE Bundesbank disappointed the German government bond market as it allowed only a small easing in its repo rate yesterday, leading to a fall in bund prices.

The rate was lowered from 8.13 per cent to 8.11 per cent at the central bank's latest allocation of 14-day securities repurchase agreements, whereas many bond market participants had hoped for a more generous easing.

The Liffe bund futures contract opened at 96.52 and, after reaching a high of 96.60, it gradually fell back to a low of 96.21, ending the day at about 96.23.

The weaker German government bond market helped to pull down other main European bond markets, including France and Italy.

Dealers reported profit-taking in the Italian market, despite the relative strength of the lira. The BTP futures contract fell from 95.36 to 94.90.

■ SPANISH government bonds recovered recent losses, with the yield on the 10-year benchmark bond falling from 11.71 per cent to 11.61 per cent.

■ IN the absence of fresh economic statistics, US Treasury prices traded slightly firmer yesterday morning, as dealers focused attention on a possible coupon pass by the Federal Reserve.

By midday, the benchmark 30-year government bond was up 4/32 at 104 7/16, yielding 6.773 per cent. At the short end, the two-year note was up 1/32 at 100 3/16, to yield 3.757 per cent.

Prices drew strength from buying on foreign markets overnight, but failed to match the gains earned on Monday and early Tuesday, when the market advanced strongly in response to good inflation news.

The main focus of the day was the possibility that the Federal Reserve might go into the market and purchase coupon securities outright – in a manoeuvre known as a coupon pass – to bolster the banking system's reserves.

At one stage dealers sold shorter-dated paper in the belief that the Fed would not go for a coupon pass, but prices remained supported by speculation that a pass was imminent.

■ JAPANESE government bond prices rose in futures-driven trading yesterday, prompted by signs of profit-taking in the stock market.

The futures contract opened at 108.29 and rallied to a high of 108.75. The contract ended in Tokyo at 108.63, but picked up again in the London session to trade at 108.68. Dealers are waiting to see if the futures contract will test the next resistance point of 109.01 soon.

The yield on the benchmark No 145 JGB opened at 4.25 per cent and moved in a range of 4.195-4.265 per cent, before ending the day at 4.205 per cent.

Dealers said the bond market took its cue from falling stock prices, as the Nikkei average index closed down 206.01 points, or 1.00 per cent, at 20,533.38 after Tuesday's strong rally.

FT FIXED INTEREST INDICES

	April 14	April 13	April 8	April 7	April 6	Year ago	High *	Low *
Govt Secs (UK)	97.12	97.60	97.20	97.20	96.92	88.61	98.04	93.28
Fixed Interest	113.01	113.02	112.95	112.88	112.78	102.34	113.83	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 113.83 (8/3/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	April 13	April 8	April 7	April 6	April 5
Gilt Edged Bargains	103.5	86.9	98.6	102.5	83.5
5-Day average	97.0	96.8	104.5	113.1	117.5

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	117.4512	-0.004	7.41	7.66	7.74
BELGIUM		9.000	03/03	111.3500	-	7.35	7.41	7.25
CANADA *		7.250	06/03	99.0000	-	7.39	7.57	7.63
DENMARK		8.000	05/03	101.3500	+0.200	7.80	7.90	8.16
FRANCE	BTAN	8.000	05/98	104.7912	-0.088	6.84	6.91	7.07
	OAT	8.500	04/03	109.9300	-0.160	7.08	7.14	7.32
GERMANY		7.125	12/02	103.7950	-0.190	6.57	6.60	6.53
ITALY		11.500	03/03	92.6800	-0.350	13.24†	13.34	12.80
JAPAN	No 119	4.800	06/99	102.8705	+0.226	4.21	4.12	3.93
	No 145	5.500	03/02	108.4455	+0.279	4.20	4.37	3.98
NETHERLANDS		7.000	02/03	103.3900	-0.080	6.51	6.61	6.45
SPAIN		10.300	06/02	92.4718	+0.415	11.66	11.69	11.31
UK GILTS		7.250	03/98	101-28	-16/32	6.79	6.71	6.48
		8.000	06/03	102-04	-17/32	7.70	7.58	7.55
		9.000	10/08	107-16	-23/32	8.14	8.13	8.10
US TREASURY *		6.250	02/03	102-16	-8/32	5.81	6.14	6.21
		7.125	02/23	104-14	-5/32	6.77	6.94	6.86
ECU (French Govt)		8.000	04/03	102.8800	-0.410	7.58	7.54	7.47

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Derivative portfolios held by UK banks up sharply in year

By Richard Waters

FOREIGN exchange and interest-rate related derivatives operations of UK clearing banks grew rapidly last year, with total portfolios growing more than 50 per cent, according to banks' annual reports.

The derivative markets also provided the only significant growth in UK banks' credit exposures: those banks to disclose details recorded a jump of nearly £4bn in their risk-weighted assets as a result of their off-balance sheet derivatives operations.

By comparison, three of the four main clearing banks – Barclays, Lloyds and Midland – saw a decline in risk-weighted assets recorded on their balance sheets as they continued to reel from heavy provisions from their UK lending. Barclays showed the sharpest decline, from £86.3bn to £84.9bn.

The growth in derivatives portfolios stemmed both from doing more business with institutional and corporate customers and from using derivatives more for internal position-taking, said Mr Barry Hamilton, head of risk management in Barclays' treasury division. Interest rate swaps, for instance, are a less capital-intensive way of hedging or increasing interest rate exposure than the traditional money markets, he said.

The nominal amounts involved in the contracts, though not indicating true exposures, give the clearest indication of growth in the banks' derivatives businesses. These show a jump both in exchange-rate and interest-rate related instruments, though the UK commercial banks remain behind their US counterparts.

The risk-weighted amounts, calculated according to Bank for International Settlements guidelines, reflect the mark-to-market value of derivatives portfolios. Their faster growth rate suggests the banks were not running balanced portfolios last year, but have benefited from falling interest rates or from foreign exchange movements.

UK BANKS' OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

	1992 Nominal amount	1992 Risk-weighted amount	1991 Nominal amount	1991 Risk-weighted amount
Exchange-rate related				
Barclays	£219.9bn	£2.5bn	£148.9bn	£1.0bn
NatWest	169.9	2.1	112.1	1.3
Lloyds	141.9	1.4	94.9	1.0
Interest-rate related				
Barclays	£248.7bn	£1.8bn	£152.1bn	£1.3bn
NatWest	182.7	0.7	120.0	0.4
Lloyds	165.9	0.4	94.5	0.2

Source: annual reports. Midland does not disclose figures.

Norway exploits good name with ambitious DM1.5bn issue

By Richard Waters

NORWAY launched an ambitious DM1.5bn bond issue yesterday at a yield of just 12 basis points over five-year German government bonds in the face of a falling market. But support from lead-manager Deutsche Bank helped to keep the spread at its launch level by the close, despite widening at one point in the afternoon.

Norway, with a AA1/AAA rating, has traditionally been one of the best-regarded names in the German market, according to one banker involved in the deal. But he added this may not have been enough to justify such a tight spread for a large transaction.

INTERNATIONAL BONDS

The bonds were launched at an indicated yield spread of 12 to 14 basis points over the Bobl series 105, and were priced at the tight end in the morning.

As the government market fell with the meagre cut in the German repo rate, the spread widened to 14 or more basis points at one stage. But, according to Deutsche, this was because brokers were failing to update prices on their screens as the market moved.

Two £300m five-year deals from Japanese electricity companies came as expected, though they met different initial responses. With so much paper due, Kansai Electric Power benefited from being launched first, with S.G. Warburg and BZW as joint lead managers. The bonds had a yield spread of 47 basis points over gilts – wider than expected – and were reported to have sold well in the Far East and continental Europe. The issue moved in line with the gilts market, which fell by half a point on signs of strengthening in the UK economy.

Tokyo Electric Power (Tepco) followed with its own £300m, five-year transaction, but at a spread of 40 basis points over the 7¼ per cent gilt due 1998. The pricing difference reflected Tepco's stronger credit standing. Tepco has a triple-A rating from both main US agencies, compared with the sole triple-A from Moody's for Kansai. And, as Japan's largest electricity company, Tepco has stronger name recognition among retail investors.

But, coming after the Kansai issue and against a background of rumours that a gilt auction in the five to 10-year maturity range would be announced at the end of this week, the Tepco bonds found less support.

During the day, the yield spread on the bonds – £200m of which were underwritten by lead-manager CSFB – widened to about 45 basis points, eradicating much of the difference with Kansai. Given the traditional pricing differential between the two companies in the bond markets, however, the gap was thought likely to widen again over time.

With five-year sterling swap spreads at just under 50 basis points yesterday, both issuers are thought to have swapped into floating rate dollars at just over Libor, after taking fees into account. The Tepco swap was handled by Sakura Bank, while Kanzai's involved BZW. The proceeds of both deals were then swapped into fixed-rate yen.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Japan Fin.Corp.for Muni.Ent.	250	6.25	99.82	May.2003	0.325/0.125	Bank of Tokyo Cap.Mkts.
Bank for Dutch Municipalities	250	6	101.525	May.2000	1.875/1.675	Swiss Bank Corp.
Banco Cidade#	55	10	98.2449	Nov.1995	1.25	BNP Capital Markets
Banco Boavista#	50	11	99.468	Oct.1995	1.375/0.75	Bear Stearns Intl.
Creditanstalt-Bankverein(a)‡	50	(a)	100.25	Apr.2003	-	Creditanstalt-Bankverein
D-MARKS						
Kingdom of Norway	1.5bn	6.125	101.65	May.1998	2/1.75	Deutsche Bank
World Bank(b)‡	250	(b)	100	May.2003	0.3/0.15	Trinkaus und Burkhardt
STERLING						
Tokyo Electric Power Co.	300	7.125	101.325	May.1998	1.875/1.775	CSFB
Kansai Electric Power Co.	300	7.125	100.985	Apr.1998	1.875/1.625	SG Warburg Secs./ BZW
CANADIAN DOLLARS						
Banque Nationale de Paris(c)	60	7.75	99.975	Apr.2003	-	Hambros Bank
ITALIAN LIRA						
World Bank	200bn	10.8	101.875	May.2003	1.875/1.25	San Paolo, Turin
SWISS FRANCS						
Rhône-Poulenc	250	5	101.76	Jun.2000	-	Credit Suisse
Daiichi Pharmaceutical(d)*Φ	200	0.75	100	Apr.1997	-	Credit Suisse
Kingdom of Denmark*	150	4.75	102.25	May.1999	-	Swiss Bank Corp.
Union Industrielle de Credit	100	5.125	101.875	May.1998	-	Coutts & Co.

Final terms and non-callable unless stated. *Private placement. ΦWith equity warrants. ‡Floating rate note. #Semi-annual coupon. a) Fungible with the outstanding $200m launched on 10/3/93. Plus 13 days accrued interest. Coupon pays 6-month Libor - 0.125%; minimum 5%, maximum 8.25%. b) Coupon pays 7.375% fixed annual in the first 2 years and 12.25% - 6-month Libor thereafter. c) Fungible with the C$150m launched on 10/3/93. Plus 15 days accrued interest. d) Final terms fixed on 19/4/93. Callable on 27/4/95 at 101% and on 27/4/96 at 100.5%.

Japanese surplus flows back into Euromarket

JAPAN'S current account surplus has been flowing back into the global money market, with short-term funds going mainly to the Euromarket, says the Bank of Japan (BOJ), Reuter reports from Tokyo.

Japan's current account surplus rose to $117.6bn in 1992, from $72.9bn in 1991. Long-term capital outlays showed a deficit of $28.5bn in 1992, against a surplus of $37.1bn the previous year.

The change in long-term capital outlays was due to a change in the ratio of inward and outward investment in stocks and bonds, BOJ said.

Inward and outward investment in stocks and bonds showed a $26.2bn net deficit in 1992 against a $41.0bn surplus in 1991. Capital flows such as short-term capital flows and private banking accounts had a $78.6bn deficit last year against $102.2bn in 1991.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on April 14

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	106	106⅝		4.24
ALBERTA PROVINCE 9 3/8 95	600	111	111⅜		4.65
AUSTRIA 8 1/2 00	400	113¾	114⅛		5.97
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ARBED 7 1/2 95 LFr	600	98¾	99¾		8.10
ECSC 7 3/4 94 LFr	1000	100	100¾		7.71
WORLD BANK 8 96 LFr	1000	101⅞	102⅞		7.47
[illegible]					

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	69	7
Other Fixed Interest	0	0	15
Commercial, Industrial	244	270	890
Financial & Property	197	81	518
Oil & Gas	9	24	51
Plantations	0	1	7
Mines	16	29	90
Others	41	27	53
Totals	508	501	1,631

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	½	½	Anglo Utd Warrants	½		-	-	-	-
160	F.P.	-	188	153	David Lloyd Leis	176		W1.95	4.8	1.4	17.0
100	F.P.	-	103	100	Fleming Emerg Mkts	103		-	-	-	-
[illegible]											

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+or-
[illegible]							
285	Nil	5/5	63pm	62pm	Bemrose	62pm	
20	Nil	17/5	11pm	9pm	‡Bilston & Battersea	9pm	
44	Nil	10/5	4½pm	1½pm	Clyde Petroleum	2½pm	-¼
10	Nil	11/5	¾pm	¼pm	‡Ensor	¾pm	
100	Nil	28/4	6pm	5pm	Ingham	6pm	
265	Nil	13/5	78pm	59pm	Low & Bonar	59pm	
180	Nil	13/5	54pm	19pm	Medeva	21½pm	+½
150	Nil	26/5	21pm	19pm	Slough Estates	19pm	

b Figures based on prospectus estimates. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1993-94. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ◆ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ¥ Units comprising 1 ord. and 1 zero pref. share.

TRADITIONAL OPTIONS

- First Dealings — April 5
- Last Dealings — April 16
- Last Declarations — July 15
- For settlement — July 26

3-month call rate indications are shown in Saturday editions.

Calls in: BM Group, BM Pref., Baltic, BAT Inds., Crestacare, Kewill Systems, Lynx, Manchester Utd., Ratners and Tarmac. Put in: Sturge. Puts & Calls: Higgs & Hill and Medeva.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons (*561)	550	14	34	46	1½	28	35
	600	1	14	25	40	61	67
[illegible]							
Shell Trans. (*581)	550	33	48	58	½	8	15
	600	1	20	28	19	30	40
Storehouse (*194)	180	16	27	31	1	9	13
	200	1	14	22	8	18	22
Trafalgar (*78)	74	6	10½	15	1	5½	7½
	83	1	7	10	1	7	14
Utd. Biscuits (*377)	360	17	35	43	1	10	18
	390	1	17	28	14	25	34
Unilever (*1126)	1100	35	75	97	1	24	35
	1150	1	45	67	25	48	59

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero (*277)	260	29	46	56	9	20	30
	280	18	34	48	18	31	40
BAA (*789)	750	50	61	77	6	22	29
	800	18	34	49	26	44	52
[illegible]							
Blue Circle (*238)	220	20	29	34	10	18	22
	240	10	18	24	20	25	32
British Gas (*309)	300	16	22	26	10½	15	22
	330	3½	9	13	32	34	40
Dixons (*198)	180	25	31	37	6	12	16
	200	14	20	27	15	22	26
Eurotunnel (*475)	460	47	67	84	26	43	55
	500	27	50	67	50	65	77

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Glaxo (*553)	550	39	61	67	30	45	59
	600	20	38	48	61	74	92
[illegible]							

EURO FT-SE INDEX (*2846)

PUTS								
Apr	½	1	1	2	18	64	114	164
May	7	12	20	32	53	83	120	164
Jun	15	22	33	49	70	97	131	170
Jul †	23	30	44	61	83	110	142	177
Dec	-	85	-	120	-	165	-	225

April 14 Total Contracts 37,899
Calls 22,409 Puts 15,490
FT-SE Index Calls 2,775 Puts 4,076
Euro FT-SE Calls 2,828 Puts 1,899
*Underlying security price. † Long dated expiry months
Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Wed Apr 14	Day's change %	Tue Apr 13	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	128.31	-0.23	128.61	1.47	3.61
2	5-15 years (22)	148.57	-0.46	149.55	1.16	4.88
3	Over 15 years (8)	159.88	-0.59	160.82	1.88	3.10
4	Irredeemables (6)	184.04	-0.49	184.95	3.85	1.48
5	All stocks (60)	144.85	-0.41	145.58	1.42	4.16
	Index-Linked					
6	Up to 5 years (2)	183.64	-0.06	183.76	0.17	1.92
7	Over 5 years (12)	174.63	-0.11	174.82	0.51	1.72
8	All stocks (14)	174.71	-0.10	174.89	0.47	1.75
9	Debs & Loans (67)	129.72	-0.34	130.16	2.29	3.08

	AVERAGE GROSS REDEMPTION YIELDS		Wed Apr 14	Tue Apr 13	Year ago (approx.)
	British Government				
1	Low	5 years	8.77	8.65	8.36
2	Coupons	15 years	7.73	7.68	8.99
3	(0%-7¾%)	20 years	7.96	7.90	8.99
4	Medium	5 years	7.00	6.90	9.27
5	Coupons	15 years	8.16	8.09	9.03
6	(8%-10¾%)	20 years	8.29	8.23	9.01
7	High	5 years	7.21	7.11	9.50
8	Coupons	15 years	8.39	8.34	9.13
9	(11%-)	20 years	8.45	8.40	9.08
10	Irredeemables(Flat Yield)		8.33	8.29	9.19
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.30	2.27	3.95
12	Inflation rate 5%	Over 5 yrs.	3.42	3.41	4.55
13	Inflation rate 10%	Up to 5 yrs.	1.46	1.43	3.20
14	Inflation rate 10%	Over 5 yrs.	3.25	3.24	4.35
15	Debs &	5 years	8.64	8.57	10.56
16	Loans	15 years	9.23	9.18	10.40
17		25 years	9.45	9.40	10.34

Hongkong Land has 25.1% of Trafalgar

By Roland Rudd

HONGKONG LAND, the Jardine Matheson-controlled property company, has tightened its grip over Trafalgar House by taking its stake in the UK-based company above 25 per cent.

It negotiated the early exercise by the Swiss Bank Corporation of its put option which may have required Hongkong Land taking its stake in Trafalgar above 27 per cent.

Mr Rodney Leach, a director of Hongkong Land, said it had decided to "end the uncertainty in the market" by winding up the option rather than waiting until it expired on May 3.

"We have now got to a level that we are happy with," he added.

It is to acquire 23.5m ordinary and 28.74m A shares, bringing its total to 25.1 per cent of Trafalgar's capital.

Trafalgar's ordinary shares rose by ½p to 79½p while the A shares gained 2p to 79p.

Hongkong Land is expected to drift up, over several years, towards acquiring its stated intention of 29.9 per cent by taking scrip dividends.

It is expected to press Trafalgar's board, when it meets on April 28, to appoint its chairman, Mr Simon Keswick, as head of the UK construction, engineering and property group.

Mr Alan Clements, Trafalgar's non-executive chairman, took over the position last year as a temporary measure.

Mr Allan Gormly, Trafalgar's chief executive, said: "Hongkong Land's decision to negotiate an early end to the exercise creates useful headroom towards reaching its medium term objective by taking scrip dividends instead of cash."

This is expected to help Trafalgar's cash flow and its utilisation of excess advance corporation tax.

Hongkong Land has undertaken not to lift its stake above 29.9 per cent or make a full bid until April 1 1994, unless a third party offer or tender is made or a third party acquires 15 per cent.

See Lex

Prior placing for £2.37m

PRIOR, the property trading and investment group, is proposing to raise about £2.37m through an issue of new shares at 2½p each. The shares are being conditionally placed by Paribas, but there is an open offer to shareholders on a 7-for-2 basis at 2½p.

In addition, it is proposed that the balance of a loan of £300,000 made to the company by Ardenbell, controlled by the family trust of Mr James Prior, chairman, be converted into 12m new shares at the placing price. As Mr Prior and a company associated with him will not be taking up their full entitlement under the offer, their holding will fall from 61 to 34.74 per cent of the capital.

It is also proposed to convert each 10p share into one ordinary 1p share and one 9p deferred share, which will be cancelled.

Agreements have been reached with the group's banks to restructure its £4.93m debt. Syndicate banks have agreed to release Prior from its guarantee of a £12m loan to a former subsidiary, for £100,000.

Zeneca boosts its Quorn production

By Paul Abrahams

ZENECA, the bioscience wing of Imperial Chemical Industries, is beefing up production of Quorn, its vegetarian low-fat protein food.

Marlow Foods, Zeneca's wholly owned subsidiary, yesterday announced it is to invest £26.5m in new production facilities for its fake flesh food. The mycoprotein biotechnologically manufacturered product is based on the micro-fungus fusarium graminearum, a distant relation of mushrooms and truffles.

The High-Wycombe-based company intends to build two plants, a fermenter at Belasis, Cleveland, and a processing facility at nearby Stokesley which should be fully running by 1995. ICI's UK capital expenditure last year was £328m.

The plants will increase Marlow's Quorn capacity to 14,000 tonnes a year. Production is presently less than 7,000 tonnes a year, as a £37m plant at Stokesley announced in November 1991 is yet to come fully on stream.

The group refused to give sales figures for Quorn. Two years ago, it claimed UK sales had increased fivefold from £3m to £15m over the previous five years. Mr David Barnes, Zeneca's chief executive, believes the product is a wild card in the company's hand, capable of eventually generating annual sales of anything between £200m and £2bn.

Marlow is part of Zeneca's speciality division, which BZW, one of ICI's brokers, predicts will increase operating profits from £26m last year to £65m next year on sales up 9.9 per cent. BZW forecasts the division's profits at £136m by 1996.

Quorn is commercially available in the UK, Ireland and Belgium. Zeneca said demand is outstripping supply, and advertising in the UK is being limited to the London area.

The company aims to capture part of the growing vegetarian food market. Meat eating is declining in all UK social groups, according to the Vegetarian Society. More than 5.6m Britons, equivalent to about 10 per cent of the population, have eliminated red meat from their diets in recent years.

Zeneca said market research suggested 19 per cent of UK households were willing to try Quorn, and 55 per cent of those were likely to repurchase.

Most of the new capacity will be sold in the Netherlands and Germany and it will also be marketed in France and Italy. Pilot trials in Amsterdam and Munich suggests significant potential markets in those countries.

Quorn is available as a fresh ingredient either minced or in chunks and escalopes. It is also supplied as ready-made casseroles and curries.

Tender offer ties up loose ends in £285m travel industry bid battle

Thos Cook ends up with 21% of Owners

By Richard Gourlay

THOMAS COOK, the travel agency and financial services company, has ended up with a 21 per cent stake in Owners Abroad, the holiday group it helped defend against a hostile bid from rival Airtours.

Owners' shareholders rushed to offer stock to satisfy the 150p a share tender offer made by Thomas Cook at a crucial stage in the £285m Airtours' bid.

When the offer closed on Tuesday, Thomas Cook had received tenders from shareholders representing 76 per cent of Owners' shares.

In line with the terms, which limited Thomas Cook's offer to 12.5 per cent of the equity, Owners shareholders have been scaled down to about 16 per cent of what they tendered.

Thomas Cook and its sister company, LTU, the German tour company, will now forge closer ties with Owners Abroad and will be anxious to see the savings its new partner promised during the bid.

Owners Abroad's share price closed 4p lower yesterday at 110p, down 37p from its highest level during the bid.

Owners Abroad's current share price would tend to underline the wisdom of Airtours' decision to sell in the market the 7 per cent stake it acquired during the bid.

Airtours is understood to have received about 118p a share, when Owners' share price was 123p, generating at least 10p a share above the average price it might have received had it tendered to Thomas Cook and then sold the balance in the market.

Airtours' share price has also fallen sharply since its 339p high during the bid. Yesterday it closed up 10¾p at 289½p.

Only part of this fall reflects the £9.5m cost of the bid, including the loss on sale of its stake in Owners.

Thomas Cook's tender ties up the loose ends of the bid which gripped the travel industry for the first quarter of the year.

Investors and competitors will now be watching with interest to see what Owners can do with its independence and what Airtours does now that it has failed to leap into a position to challenge Thomson, the market leader.

The company has already indicated it will spend some of its £180m war chest - part of which was raised during the bid through an issue of convertible preference shares - to increase the size of its retail chain.

Its purchase last October of Pickfords was its first step in this vertical integration.

While Airtours believes it can continue to grow organically, it also accepts it cannot continue to grow at the breakneck speed of recent years and is considering the acquisition of brands.

See Lex

Walker Greenbank acquisition

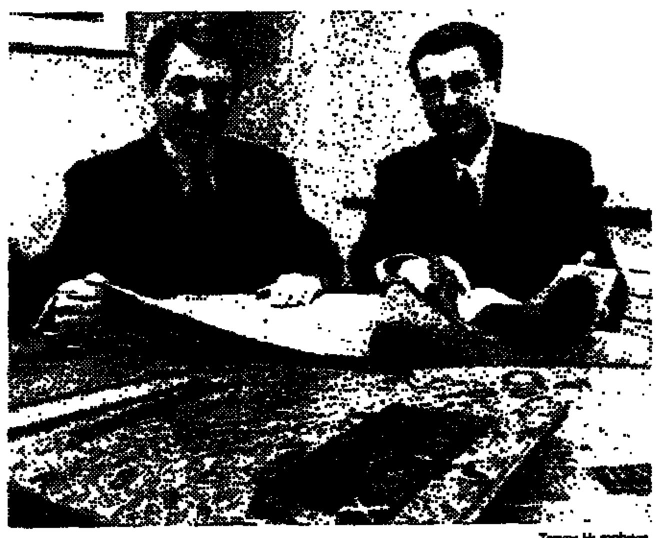
By Paul Taylor

WALKER GREENBANK, the restructured wallcoverings group, yesterday reported higher full-year profits and bolstered its office seating and screening fabrics business through the £1.6m acquisition of John Hartley (Cowling).

The Hartley purchase, which included the assumption of £700,000 in debt, was financed through a placing yesterday of 4.32m new shares at 70p a share. The surplus £2.17m proceeds will be used to develop the Hartley business and pay down the assumed debt. The shares closed unchanged at 75p yesterday.

Greenbank, which has undergone a substantial reorganisation over the last couple of years under a new management led by Mr Charles Wightman, chief executive, yesterday reported a 4.1 per cent increase in pre-tax profits from £5.43m to £5.65m in the year to January 31.

The pre-tax growth was held back by higher interest charges of £520,000 (£236,000). Earnings per share increased by 3.6 per cent to 4.29p (4.14p) and the final dividend is unchanged at 1.9p for a maintained total of 3.1p.



Trevor Humphries

Charles Wightman, left, with Martin Hynes, finance director: yesterday reported a 4 per cent increase in profits to £5.65m

Turnover declined marginally to £56.2m (£56.8m) reflecting the sale of businesses, including loss-making Bloom Signs. Turnover from ongoing businesses rose to £51.9m (£47.9m) including a significant increase in overseas sales to £12m (£8.5m).

Operating profits increased 6 per cent to £6.23m (£5.88m) before exceptional charges of £60,000 (£212,000) including reorganisation and closure costs of £156,000 (£1.43m) and a £489,000 property write-down offset by a £585,000 (£1.16m) profit on the disposal of two properties. The property write-down followed a January revaluation which also led to a £2.2m write-off against revaluation reserves.

The results also included an extraordinary gain of £1.47m comprising the £3.56m in net proceeds from out-of-court settlement of its dispute arising from the 1987 acquisition of Alkar, partly offset by a £2.1m loss on the disposal of businesses.

Group borrowings at the end of the year were marginally higher at £1.6m representing gearing of 6 per cent but have since been reduced to "negligible levels."

● **COMMENT**

Greenbank's management team must hope that with the favourable settlement of their Alkar litigation, the worst is behind them. The group is now focused on its core commercial and consumer wallcoverings businesses, the balance sheet is solid and acquisitions like Hartley look sensible. Raw material costs are rising and will probably trim gross margins this year by about 1 per cent but this should be offset by growing exports, particularly to continental Europe. Pre-tax profits should reach about £7m this year producing earnings of some 5p and a prospective p/e of 15. The shares have risen sharply since September, but could still go higher.

AT&T buys wireless phone group

By Alan Cane

SHAYE Communications, a small, privately-held UK company which is a world leader in wireless telephone technology, has been bought by AT&T, the US telecommunications group.

The consideration was disclosed, but is thought to be some tens of millions of pounds. Mr Bill Jeffrey, the founder, will remain chief executive.

Shaye will remain in Winchester and no change of employment is envisaged for its 60 staff, most of whom are involved in research and development.

The purchase fills a gap in the US company's international portfolio of wireless telephone products.

Shaye specialises in a form of wireless telephony – CT2 – which has been unsuccessful in the UK, but looks like being a sizeable success abroad.

Known as Telepoint in Britain, the technology depends on a network of base stations, or transceivers, in public places which transmit calls from portable telephones.

Irish Life lower but free of exposure to GPA

By Tim Coone in Dublin

IRISH LIFE, Ireland's largest fund manager in the life and pensions market, reported an 8 per cent drop in embedded value for 1992, from I£540m to I£494m.

That was better than market expectations which anticipated a fall to I£475m. Funds under management at the year-end amounted to I£4.31bn (I£5bn).

Principal causes of the fall were adverse tax changes, and losses on investments of I£40m, of which I£24m was accounted for by the write-down of the interest in GPA, the aircraft leasing group.

Policyholder funds suffered an additional write-down of I£46m attributable to the group's shareholding in GPA, but as a result "neither our policyholder nor our shareholder funds carry any remaining material exposure to GPA".

Overall premium income in the core Irish market fell 8 per cent to I£412m. Individual single premium business, plunged 45 per cent to I£55.7m.

The associated business, Irish Life Finance Group, saw a 29 per cent rise in its home loans portfolio to £276m and a 53 per cent increase in its finance loan portfolio to I£61m.

Premium income in the UK improved 6 per cent in sterling terms, but turned into an 8 per cent drop on conversion into punts. A drop in dollar premium income translated into an almost unchanged I£77.7m.

Net profit was I£31.7m (I£30.7m) and earnings 10.54p (10.23p). The final dividend is 5.44p for a total of 8.44p; last year's payment of 5.44p was the first since privatisation.

Improved margins help Golden Vale rise 13.5%

GOLDEN VALE, the Irish dairy group, yesterday reported a 13.5 per cent increase to I£16.7m in 1992 pretax profits on turnover marginally ahead at I£298m, writes Tim Coone.

The company said the increase was due to increases in volume and margins in the consumer products and food ingredients markets and reduced volume in the lower-margin primary dairy products markets.

Strong cash flow and working capital management reduced net borrowings to I£7.5m (I£20.6m), leaving gearing at 8.8 per cent (27.9 per cent). Mr Liam Irvine, finance director, said that allowed the company to spend "another I£30-40m on acquisitions without having to go to the market".

The Cork-based company is the largest milk processor in Ireland, processing 700m litres annually – or 11 per cent of the national quota.

Furthermore, through its 74.9 per cent stake in DPP in Northern Ireland, it is also the fourth largest processed cheese producer in the EC. It intends to exercise an option to acquire the outstanding stake in 1993. Last month it made a recommended £21.7m bid for Leckpatrick, a dairy processor.

Mr Jim O'Mahony, chief executive, anticipated significant growth in 1993 "based on achieving further development of new products in the consumer products and food ingredients markets and the expansion of operations in the UK and Europe".

A final dividend of 1.13p makes a 1.63p (1.36p) total.

Gowrings gets lift from its leisure division

Gowrings, which operates motor dealerships, food services and residential parks, recorded profit of £100,000 pretax for 1992 after taking in exceptional credits of £75,000.

Mr John Fowles, chairman, said there was continued improvement from the two Ford dealerships and a significant recovery from losses of £236,000 to trading profits of £318,000 for the leisure division – Burger King restaurants and Rocco's, and Park Homes. Group turnover rose to £51.9m (£48m) and trading profit surged to £743,000 (£78,000).

In the previous year there was a loss of £953,000 after exceptional charges of £342,000. The dividend is held at 2p with a final of 1p. Earnings were 0.61p (losses 10.6p).

Standard Chartered chairman's pay rises 29%

By Robert Peston, Banking Editor

MR RODNEY Galpin, chairman of Standard Chartered, the international bank, received a 29 per cent pay increase to £393,000 last year even though the bank's pre-tax profits fell slightly.

Standard said the rise was justifiable because "underlying" profits had risen sharply – profits before bad debts rose 25 per cent to £436.5m.

However, the financial performance was hurt by a £366m charge for bad and doubtful debts, including a £272m provision to cover possible losses from Standard's involvement in an Indian stock market scandal.

Pre-tax profits fell from £205.3m to £202m.

In its annual report Standard also disclosed that it had set up Standard Chartered Holdings (International), a Dutch holding company that would hold the majority of the group's overseas subsidiaries and associate undertakings.

The bulk of Standard's operations are in the Far East and Africa.

The bank said the new corporate structure was intended to be more tax efficient than existing arrangements, but did not disclose further details.

Mr Galpin is retiring at the annual meeting in May, to be replaced by Mr Patrick Gillam, deputy chairman.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Alexandra Work	fin	2	July 2	1.8	3.8	3.6
Anglo-Eastern	fin	1	May 19	nil	1.375	nil
Friendly Hotels	fin	3.5	Aug 20	3.3	5.7	5.5
Golden Vale	fin	1.13‡	June 29	0.94	1.63	1.36
Gowrings	fin	1	June 17	1	2	2
Irish Life	fin	5.44‡	May 28	5.44	8.44	5.44
Kingspan	fin	1.2‡	-	1.2	2.2	2.2
Tie Rack	fin	1	July 30	0.5	1	0.5
Walker Greenbank	fin	1.9	July 9	1.9	3.1	3.1
Yule Catto	fin	3.4	July 5	3.1	5.9	5.4

Dividends shown pence per share net except where otherwise stated. ‡Irish pence.

COMPANY NEWS: UK

Enlarged Yule Catto edges ahead to £22m

By Richard Gourlay

YULE CATTO, the industrial chemicals and building products group, yesterday reported a slight rise in 1992 profits and an improvement in earnings for the 12th successive year.

The earnings record sets Yule Catto apart from most other chemical companies which have not sufficiently controlled costs during the recession.

Pre-tax profits rose from £21.8m to £22.2m on sales up 1 per cent at £267.4m. Earnings per share rose from 16.1p to 16.4p and the company is proposing a final dividend of 3.4p, giving a total of 5.9p - up 9.3 per cent.

Profits in the speciality chemicals division rose 5.6 per cent to £18.8m and were poised to benefit any cyclical upturn that emerges, according to Mr Allister McLeish, finance director.

The company is likely to benefit from the decline of sterling and from a strong position in Malaysia, further strengthened by two acquisitions.

Profits in the building materials side, however, fell 11.8 per cent to £7.5m. Improvements in the UK companies were offset by weakness in the Netherlands and France. Half of the divisions's sales are in the UK and half in continental Europe. The company sells products specified by architects, like office space glazing and roof lighting, and is not exposed to the domestic house building market.

In spite of the weakening German market, Yule Catto's companies were doing reasonably well and would continue to benefit from exposure in the eastern part of the country.

Mr McLeish said the company would obviously benefit from any increase in sales that might emerge from the improved sentiment. But it had succeeded in maintaining earnings growth through the introduction of new products which enjoyed higher margins.

Net debt over the year fell from £11.5m to £10m, bringing gearing down to 20 per cent and leaving interest more than 11 times covered.

Alexandra in the black with £1.7m

By Catherine Milton

ALEXANDRA Workwear, a manufacturer and distributor of work clothes, yesterday announced a return to profits for the year to January 30 1993, reporting £1.7m before tax against losses of £500,000 previously.

The comparison is, however, distorted by a £1.5m exceptional provision last time resulting from the closure of a factory in Scotland and associated redundancies.

Mr Gerald Dennis, chairman, said: "The group's strategy for the year was to significantly improve its balance sheet and restore profitability. We were successful in both in the past year."

Borrowings were reduced to £10.1m (£16m) cutting gearing from 73 to 46 per cent, and the company believes its debt will be halved by the next year end. Interest charges fell from £2.6m to £1.7m.

The high level of stock was reduced to £12.9m (£16.6m), with a further £2m of cuts planned for the current year. Stock turnover was about four months.

Mr Dennis said past investment in a computer meant the company would meet customers orders should demand pick up suddenly.

One analyst said that "the company outperformed during the 1980s but when demand fell it didn't take control of its stock levels. This is evidence that it is repairing that damage and that they are back on track."

Gerald Dennis: strategy for the year had been successful

Turnover was virtually flat at £57m (£57.2m).

Mr Dennis said that during the first half it had sold "selected" goods at less-than-profitable prices to keep its factories occupied and prevent redundancies.

This had reduced operating profits by about £900,000 and affected gross margins, which fell to 42.4 per cent (43.9 per cent).

New "stylishly personalised" merchandise had given the retail operations a fillip.

Sales in France advanced 12 per cent and overseas sales were up 3.8 per cent at £5.5m (£5.3m) in total.

A recommended final dividend of 2p gives a total for the year of 3.8p (3.6p), payable from earnings per share of 3.5p against losses of 0.8p.

Tinplate takes the pressure

Andrew Baxter reports on an important division for British Steel

IN THE year since Mr Don Turner switched from running British Steel's narrow strip business to become managing director of the South Wales-based tinplate division, he has been putting his new colleagues' welcoming remarks to the test.

"When I came here they said this isn't a cyclical business," he says. If anything it was viewed as anticyclical - because people are supposed to eat more canned food in a recession.

That has not been demonstrated totally in the current recession, he says, but the cycle is much less pronounced than in the general steel industry.

"It's nothing like what you find in steel markets such as construction and automobile manufacture," says Mr John May, marketing manager.

The relative stability of the tinplate business is important for British Steel, whose other products have taken the full blast of the downturn.

Tinplate - which is 99.75 per cent steel - accounts for about 10 per cent of the company's finished products and at about £500 a tonne generates annual revenues of some £400m.

Overall, the European can market is showing "static to slow growth," says Mr May - not exciting, perhaps, but a contrast to some general steel markets which are in structural decline.

In some ways, though, the tinplate business has problems similar to those of general steel. "Prices are not what they should be, there is a continuing cost/price squeeze and there is overcapacity," says Mr Turner.

Demand in Europe is about 3.5m tonnes, compared with capacity of between 4.5m and 5m tonnes. Consequently, profitability is hardly sparkling, but is better than average for a steel business. Actual profits are not disclosed.

And, just as in the general steel business, rationalisation within the industry has left its mark on British Steel Tinplate. A workforce of 14,000 in the early 1970s - including basic steelmaking at the old Ebbw Vale works in Gwent - fell to 5,000 three years ago.

Then, the Velindre works near Swansea was closed, and employment is now about 3,200, most of whom are at the two remaining plants, Trostrey near Llanelli and Ebbw Vale.

But there the similarity with the rest of British Steel ends. The tinplate business is really part of the packaging industry, says Mr May, and over the past decade has become much more European in outlook as the structure of its customer industries has changed.

"There has been pressure on the tinplate industry to concentrate. That has come from downstream where there has been great concentration in the packaging industry - and this has happened among the retailers too."

So the number of can-making customers is much smaller than the huge variety of customers for general steel. Unfortunately, though, direct customers are only part of the picture.

Tinplate is also involved in a very public and occasionally acrimonious battle with the aluminium industry for the hearts and minds of the beverage industry and its customers - which ultimately means the shopper.

The claims and counter-claims about the relative environmental friendliness, recyclability, and aesthetic qualities of steel versus aluminium put the marketing of tinplate on a different plane to that of, say, steel beams for the construction industry.

"When I came here they said this isn't a cyclical business," Don Turner says. If anything it was viewed as anticyclical - because people are supposed to eat more canned food in a recession.

The battle to persuade a brewer, for example, to switch from aluminium to steel cans could start with Mr May's marketing team convincing a London design house that the can design would work best in steel.

Over the past four years, British Steel Tinplate has spent £100m to ensure it maintains its position against its big tinplate rivals and fight the materials battle effectively. The investment culminates in July with the opening of a new tinning line at Trostrey.

The company is one of four big tinplate producers in Europe, along with Rasselstein - part of German group Thyssen - Hoogovens of the Netherlands and Sollac, part of France's Usinor Sacilor.

Each hold a strong share of their home market, but are trying to boost sales elsewhere. There are nine other producers, but these lack the full product lines of the big four.

Most of the investment at British Steel Tinplate has gone towards productivity improvements, maximising product quality and reducing cycle times in the manufacture of thousands of tinplate grades.

The biggest single investment was a £50m continuous annealing plant, commissioned in 1988. A £38m line has also been introduced, allowing the company to offer tinplate strip up to 1200mm wide, initially for the beverage industry.

Much smaller investments - although no less important in the long term - have been made in a Packaging Steels Development Centre at British Steel's main Port Talbot site.

This is the focus of efforts to capitalise on what Mr Turner sees as steel's USP (unique selling point) - its greater strength compared with aluminium, allowing the development of steel cans with ever-thinner walls.

Developments such as the Ecotop, a dual button all-steel can end now being test marketed in Europe, are particularly important in areas such as the UK beverage sector, says Mr Turner.

Overall, 12bn steel cans are used in the UK every year, but only 3bn go to beverage producers - and even those have aluminium tops.

While steel is dominant in food cans, aluminium leads the 7bn-can beverage market. "It is important to attack that market," says Mr May.

The most important development could come next year when British Steel unveils the all-steel Ultimate Can, made from a new steel allowing for a 30 per cent weight reduction on previous steel cans.

The can is being developed jointly by British Steel Tinplate, Hoogovens and Rasselstein - a sign that the big groups are prepared to unite against a common enemy.

NEWS DIGEST

Friendly Hotels falls 35%

INCREASED administrative costs and interest charges resulted in a 35 per cent downturn in annual profits at Friendly Hotels.

On turnover of £29.6m (£28.7m), the pre-tax line for the 12 months to December 27 amounted to £2.54m (£3.89m), struck after administrative costs of £14.5m (£12.7m) and interest payable of £1.55m (£1.19m).

Nevertheless, Mr Henry Edwards, chairman of the hotel, catering and serviced offices group, said the outcome was a "creditable performance" given the difficult trading conditions during the year.

He said, however, that trading had improved in the early part of the current year. The level of advance bookings had shown an "encouraging" increase recently. The 17 serviced office complexes achieved "satisfactory" profits but margins remained under pressure.

A provision of £2.16m (£2.44m) was taken below the line in respect of further disposals of quick service restaurants and Care Homes; one of each remain to be sold and no further provisions are anticipated.

The recommended final dividend is raised to 3.5p bringing the total for the year to 5.7p (5.5p), covered twice by fully diluted earnings of 11.4p (15.5p) per share.

Australian sale by Smith & Nephew

Smith & Nephew has completed the sale of its interest in Smith & Nephew Plastics Pty for A$37.5m (£17.4m) cash. This accords with its strategy of concentrating on the core worldwide healthcare businesses.

The purchaser is a subsidiary of Pacific Cup (Hong Kong), which makes disposable food containers.

Sales and operating profit of Smith & Nephew Plastics in 1992 were A$40m and A$5.6m respectively. Net assets at end-1992 came to A$17m.

Plateau Mining advises rejection

Directors of Plateau Mining, the former natural resources company which is now a shell, consider the all-share offer worth £1.2m from Kingstream Resources of Australia to be "without merit", and advise shareholders to ignore any documents they may receive.

They said the offer was priced at a discount to the cash resources (stated to be more than £1m) of the company and was denominated in Australian shares.

Whitecroft sells Wallcote companies

Whitecroft, the building products, lighting and textiles company, has sold its Wallcote subsidiaries and has now largely withdrawn from home improvement activities.

Purchaser was Wallcote Group, a company set up for the purpose of the acquisition by Mr Barry Beck, managing director and one of the founders of the business.

Anglo-Eastern rises to £1.32m

Anglo-Eastern Plantations continued to progress through the second half and for the full 1992 year achieved a rise in profits from £471,000 to £1.32m pre-tax.

Having returned to the dividend list at the midway stage the rubber, cocoa and palm oil estates company is now recommending a 1p final for a 1.375p total.

Turnover totalled £4.93m (£3.73m). Earnings per share rose to 3.4p (1.1p).

The directors said the improved results reflected the first full year of operation of the palm oil mill and a strong palm oil price throughout 1992.

Anglo-Eastern is ultimately owned by Chillington Corporation.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 15.04.93: Pool purchase price £/MWh	Final Prices for Trading on 18.03.93: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.11	18.72	18.72
0100	18.03	20.59	23.19
0130	19.17	20.75	23.30
0200	29.81	20.75	23.29
0230	40.00	18.11	18.11
0300	40.00	17.64	17.64
0330	33.36	17.61	17.61
0400	24.22	17.55	17.55
0430	19.17	17.55	17.55
0500	18.48	17.55	17.55
0530	18.33	17.69	17.69
0600	18.33	17.98	17.98
0630	18.50	18.62	18.62
0700	19.17	22.49	25.16
0730	24.48	22.50	25.14
0800	26.76	22.62	25.23
0830	26.39	22.77	25.37
0900	26.76	22.77	25.38
0930	35.00	22.80	25.39
1000	35.00	24.98	27.62
1030	35.00	24.98	27.62
1100	26.76	24.96	27.63
1130	26.76	24.95	27.62
1200	26.76	24.98	27.62
1230	26.76	24.98	27.63
1300	26.76	24.96	27.65
1330	25.96	22.82	25.42
1400	25.01	22.82	25.42
1430	25.01	22.82	25.44
1500	25.01	22.82	25.44
1530	25.01	22.82	25.42
1600	25.01	22.82	25.42
1630	25.01	22.82	25.40
1700	27.50	24.90	27.53
1730	27.50	24.90	27.52
1800	25.01	26.29	28.94
1830	24.83	26.29	28.94
1900	24.50	28.11	30.77
1930	18.66	28.11	30.76
2000	18.66	28.00	30.67
2030	28.84	24.90	27.50
2100	36.00	22.80	25.34
2130	36.00	22.80	25.39
2200	36.00	22.50	25.06
2230	24.83	22.00	24.58
2300	24.46	18.13	18.13
2330	24.46	17.60	17.60
2400	18.31	17.60	17.60

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to [illegible]

NGC Settlements Limited

CIS smelters marshal their defences

By Kenneth Gooding, Mining Correspondent, in Helsinki

THE ALUMINIUM industry of the Commonwealth of Independent States yesterday set up an organisation to promote and defend its operations internationally.

Several western companies are represented on the International Aluminium Committee, which will be based in St Petersburg and have liaison offices in Brussels and New York. One of its most urgent tasks will be to put the CIS industry's case to the European Commission, which is considering whether it should set draconian quotas for CIS aluminium imports.

Virtually all the CIS smelters are represented on the new committee as well as Concern Aluminiy, the central holding company, whose president, Mr Igor Prokopov is chairman of the new organisation. Among the western companies, all of them suppliers to the CIS industry, are the AIOC Corporation, a New York-based trading company; Granges, the Swedish aluminium group; Joseph Muller of Switzerland; Kaiser, the US aluminium group; the Kumera Corporation, a Finnish equipment supplier; and Reynolds Metals, another big US group.

Mr Sam Manaktala, a Kaiser director who has been appointed a director of the new organisation, said the western companies' role was to act as advisers to an organisation which would in concept be similar to the European Aluminium Association or the American Aluminium Association. "It will consist of people with similar objectives, working together. If the Russian aluminium industry can organise itself in a structured way it will be good for them and good for the rest of the world's aluminium industry."

The IAC aims to help attract more foreign investment in the CIS industry, both at the smelters and in downstream operations. In the longer term the committee will help the integration of the CIS into the world industry.

Some of the Russian members said they were concerned about the poor image of the CIS industry being projected internationally and recognised that they needed an organisation to put their industry's case.

The new organisation has only a few weeks in which to influence the European Commission's inquiry. Some western aluminium producers have complained that their smelters have been operating unprofitably for two years and their very existence is threatened because of a surge in CIS aluminium exports since 1991. They estimate that 600,000 tonnes of CIS aluminium entered the EC last year and 450,000 tonnes in 1991 compared with an annual average of 82,000 tonnes before 1990.

The commission is inquiring into their complaints under rules that allow measures to "safeguard" EC industry. These rules permit the imposition of quotas or tariffs. The European Aluminium Association is understood to be pressing for an annual quota of 82,000 tonnes to be imposed, the "normal" level before the collapse of the Soviet Union.

Retaliation to livestock import ban angers EC

By Andrew Hill in Brussels

CENTRAL EUROPEAN countries' attempts to ban imports of livestock and dairy products from the European Community were condemned as "unacceptable" yesterday by Mr René Steichen, the EC's agriculture commissioner.

The community last week imposed a one-month ban on imports of live animals, meat, milk and dairy products from 18 central and east European countries following the discovery of foot-and-mouth disease in Italy, allegedly spread from Croatian imports.

Mr Steichen told his fellow commissioners yesterday that restrictions imposed by certain central European countries – including Poland, Hungary, Bulgaria, Slovakia and the Czech republic – amounted to an unacceptable political reaction to what was essentially a veterinary matter.

Hungary promptly denied that the imposition of restrictions on EC imports was retaliation for the community ban, arguing that foot-and-mouth disease was still present on EC territory.

EC veterinary experts, who meet on April 20 to review the ban, are satisfied that foot-and-mouth disease has been eradicated in some ex-communist countries.

But a commission official said yesterday that the EC was worried about east and central European controls on exports. Fears were aroused when 200 out of 450 Czech and Slovak cattle imported into Britain were found to have been vaccinated against foot-and-mouth disease.

Vaccinated animals cannot be exported, in case they develop the disease itself. The British imports arrived with false certificates giving them a clear bill of health.

Commission officials said that the veterinary certificates could have been falsified as many as three times as the cattle were transported across eastern Europe.

Genetically improved pig comes to market

By David Blackwell

A BOAR guaranteed to be free from a gene that can lead to poor quality pork was launched on to the market in London yesterday by the Lincolnshire-based Cotswold Pig Development Company.

The company claims that the UK pig industry would benefit by £52m a year if it switched to the new pig. British pig production is worth about £1bn a year at the farm gate.

The so-called halothane gene has been known about since the 1920s. It could be detected only through a pig's reaction to halothane, a human anaesthetic, until the University of Toronto published a DNA genetic fingerprint in 1991.

Mr John Webb, director of genetics at Cotswold, said yesterday that the company since 1983 had been breeding a line of pigs in an attempt to eliminate the gene. It had succeeded in reducing the percentage showing a positive reaction to the halothane test from nearly 90 per cent in 1983 to just 3 per cent by 1991, when the company was perfectly poised to take advantage of the DNA test and eliminate it entirely.

The halothane gene had become widespread because carriers produced leaner meat than non-carriers, he said. However, it could lead to stress in the animal, whose meat then became what is known as pale, soft and exudative (PSE) after slaughter. This made it unattractive to supermarkets and reduced its shelf life.

Mr Webb claimed that the new boar – the Cotswold 30 – would benefit producers and processors by providing a better yield, retailers and consumers by providing better quality meat, and the pig by reducing stress. Its production did not involve genetic engineering but used genetic breeding simply to eliminate a problem.

Cotswold has an annual turnover of £20m and is the second biggest pig breeding company in the UK industry, which is a world leader. Mr Robin Shannon, managing director, said yesterday that half the company's production was exported, mainly to the EC, North America and Japan.

The company has plans to sell about 500 Cotswold 30 boars this year.

John Gummer, UK farm minister, launched the improved breed.

Investment climate in PNG 'still favourable'

By Kevin Brown in Sydney

PAPUA NEW Guinea was yesterday given a much-needed endorsement by MIM Holdings, the Australian mining group, in spite of the government's interventionist approach to foreign investment in resource projects.

Mr Norm Fussell, the MIM chief executive, said the government's recent insistence on renegotiating major projects had provided "ammunition to those who believe the risk of doing business in PNG is too great". But investment in PNG remained attractive, especially for major projects, for which the government had introduced a favourable economic and regulatory climate.

Mr Fussell said overseas companies' anxieties about the risks of investing in PNG had been increased by disputes over the Porgera and Mount Kare gold mines, secessionist fighting on Bougainville island, and law and order problems on the mainland.

Highlands Gold, a PNG-registered subsidiary of MIM, was one of three Australian companies forced to reduce their shareholdings in the Porgera project last month after the government insisted on renegotiating its joint venture contract. Mr Fussell said the three companies involved in the Porgera venture "were reluctant to cede a significant part of a profitable investment after having carried the risk, the exploration, and the workload". But MIM was not reconsidering its attitude to investment in PNG, which also includes a commitment to oil exploration and development in the South East Gobe oilfield.

"Once the political reality of the sale was accepted, the final negotiations with the government resulted in a reasonable commercial outcome. And the government itself, now with a substantial stake in the operation, is committed to making it work well," he said.

Mr Fussell also said that PNG's natural resources, part of the so-called Pacific Rim of Fire, had been barely explored, in spite of the large number of major minerals projects under way in the country. "The geology is highly prospective, and the gold, copper, and oil which have been revealed to date are indicative of much more to follow," he said.

The MIM chief executive's comments will be welcomed by the coalition government, headed by Mr Paias Wingti, which has adopted an aggressive approach to PNG participation in major projects.

Rand fall brings shine back to S African gold

Philip Gawith on a much-needed revenue windfall

THE DAYS when South African mining houses served crayfish tails at their results presentations are remembered only by the senior generation of journalists and analysts. There should, however, at least be smiles on offer when the release of the March quarterly results of the gold mining industry commences today.

Following five years in which the rand gold price averaged less than R1,000 a troy ounce, the past six months have finally seen it break through this barrier. Although the average price in 1992 fell by 2 per cent to R979.70 an ounce from R999.50 in 1991 the fourth quarter average rose sharply to R1,002 an ounce from R962 in the third quarter. During the first quarter of 1993 the average price advanced further to R1,029 an ounce.

For an industry in which many producers are marginal – defined by the Chamber of Mines as having a profit/revenue ratio of less than 5 per cent – this revenue windfall can translate into an exponential increase in profits. Using the 1992 average price, the Chamber of Mines estimates that 11 mines, producing about 90 tonnes of gold – 15 per cent of the country's annual production of 608.5 tonnes – and employing about 80,000 workers, were marginal. At present prices, these figures will be slightly lower.

Ironically, at an industry level, the recent price strength is unlikely to translate into significantly better profits. This is due to the increasing portion of South African production that is hedged – about 16.5 per cent in the December quarter according to estimates made by Ms Robinn Yale Kearney, gold analyst at brokers Silvis Barnard Jacobs and Mellet. She points out that the impact of the higher prices of the past quarter will be to crimp the premium derived from hedging from 2.7 per cent during the December quarter. If costs rise by 2 per the profit margin at the operating level, which 20 years ago was well above 50 per cent, will remain flat at 21 per cent, notwithstanding the 17 per cent increase in the spot rand gold price over the past six months.

Although producers will gratefully accept improved revenue from wherever it comes, they would clearly have preferred an improvement in the gold price to a deterioration in the rand/dollar exchange rate. In fact, based on London fixings, the bullion price has weakened in recent quarters – from an average $347 an ounce in the third quarter of 1992 to $338 in the fourth quarter and $329.4 in the first quarter of 1993. Over the same period, however, this 5 per cent weakening in the price has been more than offset by a 13 per cent depreciation of the rand/dollar exchange rate from 2.77, to 3.12.

The depreciation of the rand – which is expected to continue, albeit at a slower pace – should not, however, be allowed to disguise fundamental improvements in the health of the gold industry. A year ago Mr Gary Maude, managing director of the Gengold group, one of the main producers, was characterising the mood as one of "grim determination" with survival the watchword for many marginal mines. Now Mr Maude argues that "the industry is in much better shape. It is more efficient now than it was a year ago. Changes that needed to be made have been made and unions have supported these changes".

Mr Maude is referring to not only to wage restraint, which has been important, but to changes in working practices. He cites, for example, giving responsibility to smaller working groups at the stope-face. Another innovation, at the managerial level, being practised at Gengold's Buffelsfontein mine is giving responsibility for the management of different shafts to different personnel – including administrative and technical managers. The aim is to foster improved productivity.

Such innovation is not specific to Gengold, although it has a strong claim to being the industry leader in this respect. As a general rule, innovation has been most forthcoming where the need has been greatest – that is, at the marginal mines.

One of the features of the industry's performance has been the extent to which it has contained costs. Chamber of Mines figures reveal that industry unit costs rose by only 0.91 per cent in 1992. Consumer price inflation, by comparison, was 14 per cent in 1992. The nagging question is whether such improvements can be sustained without jeopardising production. One person not in doubt is Mr Maude who comments: "The feeling amongst my general managers is that we haven't scratched the surface yet. We haven't really taken advantage yet of the fact that apartheid has gone. We're a very, very inefficient industry because we haven't used our people properly".

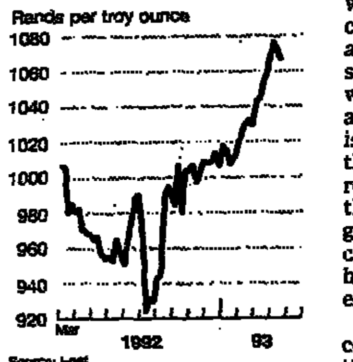
An important aspect of cost control has been the introduction of profit-sharing schemes as a *quid pro quo* for workers receiving low basic wage increases. Wages account for 50 to 55 per cent of mine working costs. Some observers, however, have reservations about the present shape of profit-sharing arrangements which are – with notable exceptions like Randfontein and Harmony – a function of profits, not productivity.

Some argue that this is only proper given that workers had been forced to accept low increases because the weak gold price didn't allow for any more. Critics respond by asking what compensation shareholders are being offered for their sacrifices. Chamber of Mines figures show that dividend payments from the industry fell to R1.39bn in 1992 from R2.2bn in 1988 – a decline of about 70 per cent in real terms.

Tough times are also reflected in capital expenditure which Ms Kearney estimates has fallen, as a percentage of working capital, to 14.4 per cent in December 1992 from 26 per cent five years previously. This level needs to rise to secure future production and the improved price should aid this.

The increasing tension in South African cities pushed platinum prices up in both London and New York yesterday, writes Our Commodities Staff. In London speculative buying and short covering took the price to more than $370 a troy ounce in late trading, the highest since early February. Nymex July futures jumped $9.60 to $372 in early trading. "The market is a bit thin and small parcels can exaggerate price moves," one dealer said. South Africa supplies about 75 per cent of western world platinum, which is used principally in jewellery, autocatalysts and electronics.

SA gold price



Source: I-net

WORLD COMMODITIES PRICES

MARKET REPORT

Three-month **COPPER** prices fell sharply in late LME trading, closing weak and just above $2,000 a tonne, with the decline pulling other metals lower. New York's Comex copper futures were more than 2 cents a lb down by midday. London dealers said late selling pressure and liquidation appeared to be a fresh attempt to push the market below $2,000 and trigger lurking sell stops. Although the market held above this level in initial after-hours trading, traders were wary of a downward break, as all the signs suggested that the $2,000-$2,050 range was unlikely to hold. LME **ZINC** also fell away during late afternoon trading. Overhead resistance above $1,050 a tonne for three-month metal eventually proved too strong, dealers said. The market was also correcting downwards after rising some $50 in a straight line on Tuesday, while the Chinese production cuts which emerged overnight were not as large as many traders had expected. Production at two Chinese zinc-lead smelters is to be cut by 10,000 tonnes of zinc and 20,000 tonnes of lead per year. New York **COTTON** prices were sharply ahead by midday on fund buying.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(May)		+ or -
Dubai	$16.53-6.62u	-0.03
Brent Blend (dated)	$18.73-8.78	-.025
Brent Blend (May)	$18.93-8.96	-.045
W.T.I (1 pm est)	$20.42-0.46u	-.025
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$208-210	+2
Gas Oil	$179-180	+1
Heavy Fuel Oil	$76-77	-1
Naphtha	$176-177	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)‡	$339.2	+2.65
Silver (per troy oz)‡	396.5c	+11
Platinum (per troy oz)	$363.0	+1.5
Palladium (per troy oz)	$111.75	-0.25
Copper (US Producer)	95.0c	
Lead (US Producer)	33.50c	
Tin (Kuala Lumpur market)	14.29r	
Tin (New York)	260.5c	
Zinc (US Prime Western)	82.0c	
Cattle (live weight)†	136.78p	-1.36*
Sheep (live weight)†♠	144.01p	+10.5*
Pigs (live weight)†	92.88p	+0.22*
London daily sugar (raw)	$268.9	+2.7
London daily sugar (white)	$286.0	+3
Tate and Lyle export price	£284.0	+1.6
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£171	
Wheat (US Dark Northern)	Unq	
Rubber (May)♥	59.25p	+0.25
Rubber (Jun)♥	59.75p	+0.25
Rubber (KL RSS No 1 May)	213.0m	-1
Coconut oil (Philippines)§	$422.5y	+15
Palm Oil (Malaysian)§	$400.0u	-2.5
Copra (Philippines)§	$260	-2.5
Soyabeans (US)	£173z	
Cotton "A" Index	60.70c	-0.3
Wooltops (64s Super)	357p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jun/Jul u-May. . z-Apr/May ♥London physical. §CIF Rotterdam. ‡ Bullion market close. m-Malaysian cents/kg.♠Sheep prices are now live weight prices * change from a week ago. provisional prices.

SUGAR – London FOX		($ per tonne)	
Raw	Close	Previous	High/Low
May	-	235.80	
White	Close	Previous	High/Low
May	285.00	287.60	290.00 285.00
Aug	284.60	289.00	287.90 284.00
Oct	269.50	272.60	273.00 268.50
Mar	270.40	272.00	272.80 269.90
May	272.50	275.00	274.50
Aug	277.00	279.50	279.00

Turnover: Raw 0 (253) lots of 50 tonnes. White 1713 (2785) Paris- White (FFr per tonne): May 1529.97 Aug 1555.33

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
May	18.94	18.91	18.98 18.73
Jun	19.05	19.05	19.09 18.84
Jul	19.03	19.03	19.05 18.84
Aug	19.01	19.06	19.01 18.84
Sep	19.13	19.13	19.13 18.87
Oct	19.16	19.15	19.16 19.15
Dec	19.20	19.20	19.20
IPE Index	18.89	18.88	

Turnover 41973 (43233)

GAS OIL – IPE			$/tonne
	Close	Previous	High/Low
May	178.00	175.25	178.25 174.00
Jun	174.00	174.25	174.00 172.25
Jul	174.75	176.00	174.75 173.50
Aug	176.50	176.75	176.50 175.25
Sep	178.50	178.75	178.50 177.50
Oct	181.50	181.50	180.75 179.75
Nov	183.25	183.50	182.75 183.00
Jan	184.25	185.00	184.25

Turnover 12175 (8659) lots of 100 tonnes

WOOL

Although no wool sales are being held this week, the last ones held in all main markets, including British wool itself, show that "the crippling imbalance between supply and demand" remains the dominant feature. Prices are weak and tended to ease at closing auctions. Business further down the wool textile manufacturing line inevitably takes this into account, and small covering orders are held till the last minute. Recession in Europe is damaging and enhances competition, and signs of recovery in the UK are not of sufficient strength to counteract wider weakness.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
May	694	696	700 693
Jul	707	709	710 705
Sep	721	721	722 718
Dec	738	740	740 738
Mar	758	758	760 756
May	772	772	773 769

Turnover: 3903 (4176) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 13 728.96 (711.22) 10 day average for Apr 14 707.58 (703.14)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
May	901	896	904 895
Jul	874	860	874 860
Sep	868	860	868 858
Nov	872	866	874 867
Jan	880	876	880 876
Mar	888	887	888

Turnover:4049 (2715) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 13: Comp. daily 50.63 (49.93) 15 day average 51.88 (52.13)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
May	41.0	41.5	40.0 40.0
Apr	93.2	93.3	93.5 93.0

Turnover 29 (10) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Jun	-	139.00	-

Turnover 0 (20) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Apr	1475	1460	1476 1462
May	1442	1430	1446 1435
Jul	1267	1264	1267 1265
Oct	1375	1370	1375
BFI	1473	1475	1473

Turnover 242 (60)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
May	144.50	143.75	144.50 143.80
Jun	145.00	144.15	145.00 144.05
Sep	107.85		107.85
Nov	109.75	109.80	109.85 109.75
Jan	112.75	112.60	112.85 112.75
Mar	115.30	115.15	115.30 115.20
May	118.15	118.05	118.20 118.15
Barley	Close	Previous	High/Low
May	140.00		140.00 139.00
Sep	106.00		106.00 106.00
Nov	108.75	108.50	108.75 108.75

Turnover: Wheat 266 (201), Barley 71 (10)
Turnover lots of 100 Tonnes.

PIGS – London FOX			(Cash Settlement) p/kg
	Close	Previous	High/Low
May	113.0	112.5	112.5
Jun	110.0	109.0	109.0

Turnover:28 (27) lots of 3,250 kg

LONDON METAL EXCHANGE					(Prices supplied by Amalgamated Metal Trading)	
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 42,214 lots
Cash	1124.5-25.5	1121-22		1125.5-26		
3 months	1147-48	1143-43.5	1153/1143.5	1148.5-49	1144-44.5	156,727 lots
Copper, Grade A (£ per tonne)						Total daily turnover 49,623 lots
Cash	1277-78	1305-06	1272.5	1272.5-73		
3 months	1302-02.5	1329-29.5	1303/1297	1297.5-98	1297-98	161,972 lots
Lead (£ per tonne)						Total daily turnover 2,837 lots
Cash	273.5-74.5	275-76		273.5-3.75		
3 months	284-85	284.5-85	287/284	282.5-83	284-85	20,287 lots
Nickel ($ per tonne)						Total daily turnover 6,048 lots
Cash	5975-80	5975-85		5955-60		
3 months	6045-50	6045-50	6045/6020	6027-28	6040-45	43,894 lots
Tin ($ per tonne)						Total daily turnover 1,526 lots
Cash	5610-15	5605-15		5615-20		
3 months	5670-75	5670-75	5679/5670	5675-76	5670/75	8,532 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 18,316 lots
Cash	1024.5-25.5	1037-38		1039.5-40.5		
3 months	1043.5-44	1055.5-56	1064/1033	1058-58.5	1034/35	68,560 lots

LME Closing £/$ rate: SPOT. 1.5525 3 months: 1.5425 6 months: 1.5362 9 months: 1.5281

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	339.00-339.40	
Opening	337.30-337.60	
Morning fix	337.65	217.144
Afternoon fix	338.25	217.203
Day's high	339.60-340.00	
Day's low	337.00-337.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.61	6 months	2.43
2 months	2.56	12 months	2.42
3 months	2.58		

Silver fix	p/troy oz	US cts equiv
Spot	250.10	390.15
3 months	253.60	393.00
6 months	257.25	396.25
12 months	264.35	403.10

GOLD COINS	$ price	£ equivalent
Krugerrand	337.50-340.50	217.00-219.00
Maple leaf	349.15-351.40	-
New Sovereign	80.00-83.00	51.00-53.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Aug	May	Aug
1100	36	65	3	9
1125	18	47	8	16
1150	8	33	22	26
Copper (Grade A)	Calls		Puts	
1950	71	113	26	44
2000	44	84	50	66
2050	25	61	80	92
Coffee	May	Jul	May	Jul
850	53	51	2	28
900	15	28	14	55
950	4	15	53	92
Cocoa	May	Jul	May	Jul
700	7	35	13	28
725	1	25	32	43
750		17	56	60
Brent Crude	Jun	Jul	Jun	Jul
1850	59		14	32
1900	30	39	33	
1950	12	20		

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Apr	339.7	337.7	340.7	338.2
May	340.1	338.1	0	0
Jun	340.8	338.8	342.2	339.3
Aug	342.1	340.1	343.4	340.6
Oct	343.4	341.4	0	0
Dec	344.7	342.7	348.2	343.3
Feb	346.2	344.2	347.2	346.4
Apr	347.6	345.6	0	0
Jun	349.0	347.0	350.2	350.2

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Apr	375.3	370.4	381.0	374.0
Jul	369.3	362.4	373.0	362.5
Oct	368.0	361.1	371.0	362.5
Jan	367.3	360.4	368.0	363.0
Apr	366.8	359.9	374.0	369.0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Apr	393.9	386.9	395.5	393.0
May	394.5	387.7	398.5	389.0
Jun	395.8	389.0	398.5	397.0
Jul	397.1	390.3	401.5	392.0
Sep	399.8	392.8	403.5	395.0
Dec	403.5	396.5	408.0	398.5
Jan	403.9	396.9	0	0
Mar	407.4	400.4	409.5	402.5
May	409.9	402.8	413.0	413.0
Jul	412.7	405.5	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Apr	88.30	89.80	88.50	88.20
May	88.50	90.50	89.60	88.25
Jun	89.00	90.90	89.60	89.30
Jul	89.30	91.30	90.40	89.00
Aug	89.80	91.70	90.50	90.50
Sep	90.20	92.10	91.20	89.85
Oct	90.40	92.35	91.50	91.50
Nov	90.80	92.75	0	0
Dec	91.30	93.25	92.35	91.15
Jan	91.55	93.50	92.70	92.70

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
May	20.42	20.46	20.46	20.22
Jun	20.61	20.66	20.66	20.43
Jul	20.70	20.74	20.75	20.53
Aug	20.76	20.78	20.80	20.60
Sep	20.80	20.81	20.81	20.62
Oct	20.81	20.82	20.80	20.64
Nov	20.81	20.82	20.80	20.65
Dec	20.75	20.81	20.79	20.64
Jan	20.77	20.77	20.78	20.63
Feb	20.74	20.75	20.73	20.65

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
May	56.10	56.09	56.20	55.40
Jun	56.15	56.13	56.25	55.50
Jul	56.45	56.41	56.50	55.90
Aug	57.10	57.01	57.10	56.60
Sep	57.90	57.89	57.90	57.55
Oct	58.80	58.94	0	0
Nov	59.84	59.84	0	0
Dec	60.85	60.70	60.65	60.50
Jan	61.00	61.15	61.00	61.00
Feb	60.80	60.95	60.80	60.80

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
May	931	948	947	928
Jul	961	976	976	958
Sep	988	1003	1001	984
Dec	1018	1033	1030	1018
Mar	1052	1067	1064	1050
May	1078	1093	0	0
Jul	1101	1116	0	0
Sep	1123	1138	0	0
Dec	1153	1168	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
May	54.50	54.50	55.25	53.75
Jul	56.20	56.30	56.95	55.55
Sep	58.10	58.10	58.60	57.30
Dec	60.75	60.90	61.35	60.20
Mar	63.20	63.15	63.40	62.70
May	64.95	65.00	65.50	64.60
Jul	66.45	66.75	66.90	66.25
Sep	67.50	68.50	68.50	68.50

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	10.40	10.85	10.86	10.40
Jul	11.03	11.40	11.44	11.02
Oct	10.90	11.21	11.21	10.88
Mar	10.28	10.52	10.56	10.27
May	10.29	10.49	10.53	10.28
Jul	10.40	10.50	10.42	10.40

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
May	62.85	61.18	63.16	61.40
Jul	63.48	62.00	63.95	62.25
Oct	63.48	62.50	64.00	62.70
Dec	62.70	61.95	63.20	62.15
Mar	63.66	62.97	63.75	63.25
May	64.15	63.52	64.00	64.00
Jul	64.50	63.97	64.50	64.50

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	95.75	94.25	95.80	93.60
Jul	98.65	97.00	98.65	96.60
Sep	101.10	100.00	101.25	99.50
Nov	103.00	101.90	103.00	101.80
Jan	105.00	103.95	105.00	104.00
Mar	106.90	106.00	106.90	105.85
May	106.95	106.00	0	0
Jul	106.95	106.00	0	0
Sep	106.95	106.00	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)			
Apr.14	Apr.13	mnth ago	yr ago
1665.2	1663.3	1763.4	1606.6

DOW JONES (Base: Dec. 31 1974 = 100)				
	Apr.13	Apr.12	mnth ago	yr ago
Spot	121.66	121.76	123.92	115.94
Futures	125.22	124.55	128.92	119.23

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
May	595/2	595/2	598/2	591/4
Jul	598/2	600/0	600/6	595/4
Aug	601/4	602/6	603/0	597/6
Sep	602/0	604/0	604/0	599/6
Nov	607/0	609/2	609/0	604/2
Jan	613/0	615/4	615/2	611/6
Mar	620/6	622/6	622/2	618/4
May	624/0	626/4	625/0	621/4

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
May	21.42	21.39	21.50	21.28
Jul	21.67	21.66	21.77	21.54
Aug	21.76	21.77	21.85	21.66
Sep	21.83	21.88	21.95	21.78
Oct	21.94	21.96	22.00	21.88
Dec	22.20	22.16	22.28	22.07
Jan	22.21	22.19	22.27	22.15
Mar	22.40	22.35	22.40	22.26

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
May	185.4	188.0	188.0	185.0
Jul	187.3	187.7	187.6	186.5
Aug	188.1	188.6	188.5	187.4
Sep	189.0	189.6	189.4	188.3
Oct	189.9	190.5	190.3	189.4
Dec	192.1	192.7	192.7	191.3
Jan	193.0	193.2	193.0	192.0
Mar	193.7	194.0	193.9	193.2

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
May	231/0	233/0	232/4	229/6
Jul	236/4	239/0	238/2	235/4
Sep	240/6	243/2	242/4	240/2
Dec	246/0	249/2	248/0	245/4
Mar	252/6	255/6	254/2	252/0
May	256/6	259/4	258/0	256/2
Jul	260/0	263/0	262/0	259/0
Dec	250/4	253/4	252/2	250/4

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
May	349/6	351/2	352/0	349/4
Jul	313/2	315/4	315/4	312/4
Sep	316/0	317/6	318/0	315/4
Dec	325/0	327/0	327/4	325/0
Mar	330/0	332/0	330/4	330/0
Jul	318/0	320/4	320/0	318/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Apr	82.225	82.275	82.475	82.175
Jun	76.525	76.500	76.700	76.375
Aug	73.200	73.050	73.275	73.075
Oct	73.875	73.775	73.900	73.750
Dec	73.875	73.825	73.925	73.725
Feb	73.200	73.150	73.350	73.200
Apr	74.250	74.400	74.400	74.200

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Apr	47.500	47.175	47.600	46.900
Jun	54.200	53.700	54.600	53.200
Jul	53.175	52.625	53.650	52.275
Aug	50.025	49.850	50.500	49.500
Oct	44.600	44.475	44.650	44.050
Dec	45.450	45.300	45.500	45.000
Feb	45.400	45.425	45.500	45.150
Apr	44.100	44.250	44.200	44.100

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
May	52.950	50.975	52.975	50.000
Jul	53.500	51.500	53.500	50.700
Aug	50.800	48.800	50.800	48.100
Feb	44.200	43.250	44.350	43.125
Mar	42.500	42.500	0	0

LONDON STOCK EXCHANGE

Market struggles after large placing

By Steve Thompson

THE PLACING of a large stake in Sears, one of the UK market's most important retailing groups, proved the high point in an otherwise subdued London equity market.

Apart from a burst of interest triggered by the Sears placing the wider market did little more than mark time. Senior traders pointing out another session of low attendance, attributed to many dealers taking an extended Easter holiday break.

The probability of another nationwide rail strike on Friday did little to encourage enthusiasm in the market. "Many of the important trading houses have written off the week and will not open any sizeable positions until next week," said the head of trading at one of the big international dealing houses.

The FT-SE 100 Index ended the session a net 4.7 lower at 2,842.1, again outperforming the FT-SE Mid 250 index which closed 8.6 down at 3,092.7.

Turnover on the London market was substantially inflated by the placing of the 10.6 per cent stake in Sears, which, allowing for double counting, spoke for more than 300m of the market's 822m shares traded yesterday. The Sears stake, built up by the Al-Fayed brothers in 1987 was acquired and then sold on to a number of institutions, by Goldman Sachs, the US investment bank via a bought deal thought to have netted the US investment bank a profit of around £1.5m. Despite the low attendance levels on Tuesday, the value of customer business in the equity managed to top the crucial £1bn mark, reaching a creditable £1.026bn.

The equity market began the trading session in good form, with dealers hoisting opening prices after the latest improvement on Wall Street which followed up Tuesday's 31 points surge with a rise of almost 16 points.

However, dealers said the Sears placing, which they described as the equivalent of a £150m rights issue, took the steam out of the market which, having improved over nine points within the first hour of trading, came under pressure for the rest of the day.

Another strong opening by Wall Street, which which was a good 11 points higher soon after it opened, failed to galvanise a London market looking increasingly weary as the session wore on. At its worst, the Footsie 100 was down 8.5 points at 2,838.3.

Marketmakers said the slide was not wholly down to the big Sears placing. "There were a number of big lines of stock on offer, and that unsettled the market nearly as much as the placing of Sears," said one trader. He added that despite the generally good news on European interest rates there was a feeling that the equity market would now struggle to make any further headway.

The utilities areas of the market continued to attract strong selling pressure with the big institutions said to have switched out of the water and electricity areas and back into the food manufacturing, retailing and brewing areas of the market.

Drug stocks, mauled in recent weeks by a succession of bad news, staged a good recovery led by ICI.

Hong Kong-related stocks, which continued to surge ahead on Hong Kong markets after the agreement between the Chinese and British governments to resume talks about the 1995 elections, remained in the forefront of the Footsie 100 index.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ASDA Group	3,600	68½	+1
Abbey National	2,700	378	+1
Albert Fisher	5,700	54	-3
Allied-Lyons	1,300	562	
Amstrad	637	35	+1
Anglian Water	942	527	-11
Argos	104	310	-1
Argyll Group	3,600	334	+11
Arjo Wiggins	274	183	
Ass. Brit. Foods	539	608	+11
Ass. Brit. Ports	358	383	
[illegible]			
British Steel	4,800	88	+1
Bunzl	547	128	-3
Burmah Castrol	1,200	738	-6
Burton	1,000	80	-1
Cable & Wire.	3,700	750	+3
Cadbury Schweppes	3,000	480	+10
Calor Group	184	255	-4
Carlton Comms.	1,500	770	+7
Coats Viyella	2,700	240	+3
Comm. Union	1,400	617	-11
Cookson	1,100	207	-1
Courtaulds	973	556	-5
Dalgety	302	448	-3
De La Rue	198	880	-2
Dixons	3,300	189	-6
Eastern Elect.	1,400	485	-11
East Midland Elect.	333	474	-13
Eng China Clays	1,300	438	-2
Enterprise Oil	841	494	-5
Eurotunnel Units	37	475	
FKI	1,500	121	+1
Fisons	5,100	108	-½
[illegible]			
Inchcape	1,000	606	+4
Johnson Matthey	180	448	-3
Kingfisher	689	565	-5
Kwik Save	350	750	+6
Ladbroke	1,500	173	-2
Land Securities	582	538	+1
Laporte	4,600	837	-4
Legal & General	988	453	-12
Lloyds Abbey	587	414	-9
Lloyds Bank	1,800	541	-4
LASMO	2,200	152	-3
London Elect.	368	484	-15
Lonrho	600	83	-1
Lucas	2,400	128	
MB Caradon	294	300	-1
MEPC	224	388	+1
Manweb	91	535	-13
Marks & Spencer	5,500	347	-1
Midlands Elect.	628	489	-8
Morrison (Wm.)	1,200	153	+1
NFC	771	247	-2
NatWest Bank	2,000	447	-7½
National Power	2,800	340½	-7½
[illegible]			
Rothmans	305	422	+1
Ryl Bk Scotland	4,900	258	-2
Royal Insurance	780	306	-2
Saatchi	58	172	
Sainsbury	1,100	475	+3
Scottish & New.	553	482	-2
Scot. Hydro-Elec.	3,200	349½	-6½
Scottish Power	4,300	326	-8
Sears	309,000	101	-4
Sedgwick	608	153	-1
Seeboard	71	515	-15
Severn Trent Water	1,300	515	-9
Shell Transport	3,700	582	-2
Siebe	897	475	+10
Slough Ests	716	174	-11
Smith (W H) A	153	414	-4
Smith & Nephew	1,500	147	+2½
SmKl Beecham	1,400	408½	+½
SmKl Beecham Uts	1,100	357	+1
Smiths Inds.	1,000	328	+4
Southern Elect.	537	463	-13
South Wales Elect.	4	557	-13
South West Water	624	553	-11
[illegible]			
Vodafone	1,700	384	-4
Warburg (SG)	401	667	+8
Wellcome	633	719	+11
Welsh Water	598	599	-6
Wessex Water	133	633	-5
Whitbread 'A'	1,100	459	-6
Williams Hldgs.	787	335	
Willis Corroon	500	190	+3
Wimpey	1,800	154	+2
Wolseley	432	590	
Yorkshire Elect.	165	539	-13
Yorkshire Water	100	576	-9

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Account Dealing Dates

*First Dealings:		
Mar 29	Apr 19	May 10
Option Declarations:		
Apr 15	May 6	May 20
Last Dealings:		
Apr 16	May 7	May 21
Account Day:		
Apr 26	May 17	Jun 1

*New time dealings may take place from 8.30am two business days earlier.

Al-Fayeds sell Sears stake

THE Al-Fayed brothers set the seal on weeks of speculation yesterday as they unloaded their stake in stores group Sears. Market analysts put losses to the House of Fraser owners at over £60m on a 10.6 per cent stake they first began building five years ago at an average price said to be around 140p a share.

The 156m shares were bought by Goldman Sachs at around 100p and sold into the market at 101p a share in a bought deal. The Sears share price ticked off slowly during the day, opening at 105p and slipping to the major placing price of 101p by the close.

However, it was unclear whether the broker had sold the entire stake. Some dealers suggested that Goldman was still holding around 10m Sears shares. A spokeswoman for the house said the placing was oversubscribed and the bulk of the shares got away successfully. The final total recorded on SEAQ, taking into account both sides of the deal was 309m.

The deal had been hinted in the market for several weeks as talk of various brokers involved in pre-placing exercises did the rounds, suggesting stiff competition for the business. The shares were said by dealers to have been placed with institutions, although it will not be known whether any other group has taken the opportunity to acquire a large chunk of the stock for a number of days.

BOC tumbles

Industrial gases and healthcare group BOC saw its shares fall on worries that a US competitor is poised to grab market share following January's expiry of BOC's patent in the US on Forane anaesthetic gas.

Investment bank BZW was telling clients that Abbott Laboratories of the US had developed a version of the BOC product which was rapidly penetrating Forane's US market. The house has left its forecasts unchanged but is expected to reduce them over the next few days.

However, Mr Charles Lambert of Smith New Court said: "Even if they lost half the market share to generics it would only reduce earnings per share by 2p to 48p. The effect is pretty well in the share price by now." BOC is expected to fight for its old Forane market share with a new product, Suprane, which received FDA approval in September and is now in the early stage of marketing. BOC shares closed 18 lower at 705p with 2.5m traded.

ICI recovers

Reports that a US brokerage had raised earnings estimates for ICI helped the shares recover from recent sharp falls and lift 24 to 1167p yesterday.

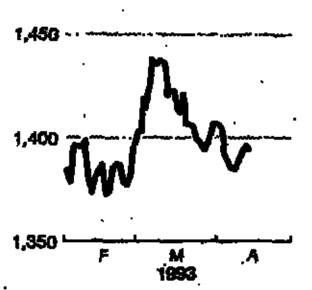
UK analysts said PaineWebber increased its first quarter and 1993 earnings estimates for the group. The shift was apparently on expectations that cost cutting efforts would help to improve margins and on improved sentiment about the UK economy.

The share price rise coincided with news that ICI's Zeneca division is to invest £26.5m in a new production facility for its low fat protein food Quorn. Also investors were digesting research from brokers involved in the Zeneca hive-off ahead of the publication of the pathfinder prospectus next Wednesday.

Word that Whitbread had revalued its property portfolio, with consequent write-downs, weakened the shares 5 to 459p. International drinks stocks continued to strengthen as recovery talk was heard again and brand names worries faded. Grand Metropolitan gained 5 to 433p on turnover of 4.2m, Guinness added 4 at 486p and Allied Lyons was steady at 562p.

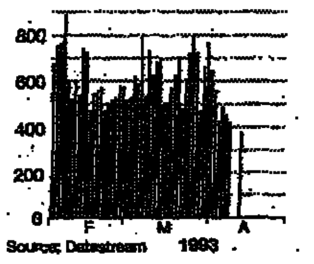
Holiday tour group Owners Abroad reported that 78 per cent of ordinary shareholders had applied for the Thomas Cook 12.5 per cent tender offer of 150p per share. In the market, the shares retreated 4 to 110p. Ironically, arch rival Airtours gained 10½ to 289½p following a statement earlier in the week that holiday bookings at Owners were ahead of expectations.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



Source: Datastream 1993

Thorn EMI responded to talk of strong US music results. Kleinwort Benson was also reported positive. The shares climbed 9 to 875p.

National Westminster shed 7½ to 447p on profit-taking. However, HSBC extended gains on the back of an overnight surge in the Hong Kong stock market to record highs. The Hang Seng index was up 360 points, 5.62 per cent, on the announcement that China and Britain have agreed to hold talks to resolve the bitter row over local political reforms. HSBC was up 14 in London pre-trading, although the gain was trimmed later and HSBC ordinaries closed 9 up at 631p.

A gloomy trading statement from the chairman prompted British Vita to fall 6 to 223p.

Waste Management International lifted 30 to 544p, boosted by a trading statement from its US parent late on Tuesday. Waste Management Inc said it was comfortable that first quarter earnings and those of its publicly traded subsidiaries would be in line with analysts' estimates. It expects to report first quarter net earnings next week in the range of $0.40 to $0.41 per share.

Nervousness over impending first quarter results in the oil sector combined with the declining price of Brent crude impacted on the majors. BP fell 3¼ to 301p while Shell lost 2 at 582p.

Shares in Mirror Group Newspapers, which was floated almost two years ago, held comfortably above their 125p issue price consolidating Tuesday's breakthrough to close 4 up at 131p.

The electricity and water sectors were the worst performers in the market as the move out of defensive and into recovery stocks continued. Waters were also suffering from their all-time relative high rating and consequent take profit advice from brokers. In waters, Anglian declined 11 to 527p and Severn Trent 9 to 515p. Among the RECs, London tumbled 14 to 484p and Yorkshire 13 to 539p.

Food group Cadbury-Schweppes surged 10 to 480p as Smith New Court reiterated its buy recommendation, believing the stock to have been left behind and on the back of good figures from Coca-Cola.

The patchy recovery in food retail stocks continued, Argyll Group leading the charge. The shares jumped 11 to 334p. Elsewhere, Iceland Frozen Foods added 11 to 680p and Kwik Save 6 to 750p.

Sparkling figures from Tie Rack sent the shares forward 10 to 126p. A positive Mr Paul Deakin at Goldman Sachs said: "On my earnings forecasts for next year, the stock stands at a 15 per cent discount to the market – but it should really be at a significant premium."

Coats Viyella was 3 firmer at 240p as UBS reiterated its buy stance.

Alexandra Workwear jumped 9 to 128p after the company announced improved profits. for the year to January 31 of £1.7m against a £0.5m. loss previously. The manufacturer and supplier of overalls, medical and office clothing also announced a raised dividend. Alexandra said it had cut staff closed a factory and frozen prices.

Concern about the accountancy practices at TI Group following the Tuesday's publication of the its annual report and accounts prompted the shares to retreat 7 to 303p.

Bargain-hunting continued to drive Siebe forward and the shares put on 10 at 475p. General investment demand boosted both Smiths Industries and Glynwed International. The former put on 4 at 328p, while the latter added 3 at 292p.

Trafalgar House ordinaries edged a halfpenny forward to 79½ and the 'A's put on 2 at 79p after Hongkong Land said it had increased its holding in Trafalgar to 25.1 per cent rather than its previously indicated figure of around 29 per cent.

Recommendations from Kleinwort Benson and Robert Fleming boosted international trading group Inchcape and the shares rose 4 to 605p.

Bargain hunters and vague talk of a predator helped Morgan Crucible bounce 7 to 269p.

MARKET REPORTERS:
Christopher Price,
Joel Kibazo,
Peter John.

■ Other market statistics, Page 21.

FINANCIAL TIMES EQUITY INDICES

	April 14	April 13	April 8	April 7	April 6	Year ago	* High	* Low
Ordinary share	2199.2	2198.3	2180.8	2182.6	2188.8	2005.5	2299.5	2124.7
Ord. div. yield	4.21	4.50	4.62	4.52	4.48	4.49	4.52	4.21
Earning yld % full	6.31	6.31	6.35	6.34	6.30	6.54	6.35	5.79
P/E ratio net	19.67	19.68	19.57	19.58	19.70	19.16	22.01	19.57
P/E ratio nil	18.37	18.36	18.25	18.27	18.38	17.95	20.30	18.25
Gold Mines	111.5	113.5	128.7	130.0	134.5	115.7	134.5	80.0

*for 1993. Ordinary share index since compilation: high 2299.5 10/3/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2198.9	2198.2	2201.5	2201.1	2203.0	2200.7	2199.8	2201.6	2197.4	2204.5	2195.9

Volume	April 14	April 13	April 8	April 7	April 6	Year ago
SEAQ Bargains	26,830	28,120	24,185	25,369	35,589	40,531
Equity Turnover(£m)†	-	1028.4	1062.6	1141.1	1127.6	1218.8
Equity Bargains†	-	32,076	28,774	31,573	45,313	48,934
Shares traded (mil)†	-	380.0	428.1	460.4	482.0	530.6

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (108).
BRITISH FUNDS (1) Treas. 2½pc, CANADIANS (1) Gulf Canada, BANKS (3) Allied Irish, Anglo Irish, Bank Ireland, BREWERS (3) Kirin, Mansfield, BLDG MATLS (8) Baggeridge Brick, [illegible]

NEW LOWS (17).
[illegible] Inc., CANADIANS (1) [illegible] (1) Espirito Santo, BREWERS (2) Burn Stewart, Macallan-Glenlivet, BUSINESS SERVS (1) Welpac, CONGLOMERATES (1) Hanson, CONTG & CONSTRCN (2) Dunton, Raine, ELECTRICALS (1) LPA, ELECTRONICS (1) Indl. Control Servs., ENG GEN (1) Plasmec, FOOD RETAILING (1) Thorntons, HEALTH & HSEHOLD (6) AAH, Baxter, Haemocell, Lilly (E), Smith & Nephew, UniChem, HOTELS & LEIS (2) BCE, Chrysalis, INSCE LIFE (1) Liberty Life Africa, INV TRUSTS (1) Spanish Smlr. Wts., MEDIA (1) Radio Clyde, MISC (3) Le Creuset, Toye, Waste Mngmt., OIL & GAS (1) Ranger, PACKG, PAPER & PRINTG (1) Sappi, STORES (2) Dixons, Oriflame, TELE NETWORKS (3) Nth. Telecom, Securicor, Do N/V, MINES (1) Northam Platinum.

EQUITY FUTURES AND OPTIONS TRADING

STOCK INDEX futures traded in a tight 21-point range as hopes of a cut in interest rates began to fade, writes Joel Kibazo.

The first trade in the June contract on the FT-SE 100 was struck at 2,869, 4 points ahead of its previous close, and was quickly driven higher. It was trading at 2,874 within half an hour of the opening.

However, that early demand soon faded leaving the June contract to drift lower. By 11am it had fallen to 2,860. The release of favourable manufacturing output figures helped steady it but there was no advance as dealers came to the view there may after all be no immediate lowering of interest rates.

A weak gilts sector saw the contract retreat further during the afternoon and it closed at the day's low of 2,853, some 12 points below Tuesday's close. Volume remained thin and closed at 5,210 down on the previous total of 6,328.

The expiry of the April stock options was the main feature in the traded options and it contributed to the day's total turnover of 37,899 lots. The FT-SE 100 option traded 6,851 lots and the Euro FT-SE 100 option 4,527 contracts.

British Gas was the busiest stock option with 3,117 lots, though it had no April series due for expiry. The rest of the days main trades did. Some 2,680 lots were dealt in Asda and 2,145 in Marks and Spencer. Trafalgar House and Boots were also busy.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2842.1 -4.7	3092.7 -8.6	1393.49 -2.24

[illegible]

Hourly movements

[illegible]

FT-SE Actuaries 350 Industry Baskets

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible]

BRITISH FUNDS - Cont.

[illegible]

OTHER FIXED INTEREST

[illegible]

Continued on next page

EUROPEAN SMALLER COMPANIES FUND SICAV
L-2132 Luxembourg / 8 Avenue Marie-Thérèse
R.C. Luxembourg N° B 20.093

Messrs. shareholders are hereby convened to attend the Annual General Meeting which will be held on 27th April, 1993 at 03.00 p.m. at the registered office, with the following agenda:

- Submission of the reports of the Board of Directors and of the Authorized Independent Auditor;
- Approval of the balance sheet and the profit and loss statement as at December 31st, 1992, and allocation of results.
- Discharge to the Directors in respect of the carrying out of their duties during the fiscal year ended December 31st, 1992.
- Re-election of the Authorized Independent Auditor for a new term of one year.
- Miscellaneous.

The shareholders are advised that no quorum for the items of the agenda is required and that the decisions will be taken at the majority of the shares present or represented at the Meeting. Each share is entitled to one vote. A shareholder may act at any Meeting by proxy.

By order of the Board of Directors

COMPANY NOTICES

ENGELS-HOLLANDSE BELEGGINGS TRUST N.V.
(English and Dutch Investment Trust)
Established in Amsterdam

HEREBY GIVES NOTICE that it has received the following notifications under the Listed Companies Disclosure Act:

Name	Percentage capital interest	of which indirect potential rights	Percentage voting rights	of which indirect potential
Vidreco B.V. Karel Jansenslaan 29-2 B-8400 Oostende	12.6 %		17.6 %	
S.M. Visser Karel Jansenslaan 29-2 B-8400 Oostende	12.6 %	12.6 %	12.6 %	12.6 %

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs	18⅜xd	-⅛	20⅞	15½	13,485	2.9
Allegheny & W ♥	521p	+5	571p	399p	270.7	4.0
Amdahl	386p	—	581p	385p	432.4	1.8
Amer Cyanamid	31¼	-⅛	38⅞	31¼	2,862	3.6
Amer Express	18⅞xd	+⅛	19½	14⅞	9,022	3.7
Amer T & T	37½xd	-⅛	40⅞	33⅛	50,452	2.4
Ameritech	49⅛	—	52¾	46	21,818	5.1
BankAmerica	33⅞xd	+⅛	38⅛	28⅛	11,871	2.8
Bankers NY	48½xd	+1⅛	51⅞	42⅞	3,827	4.4
Bell Atlantic	35	—	38⅛	32¼	15,161	5.3
BellSouth	35½	—	38⅞	33½	17,587	5.4
Bethlehem Steel ♥	11⅞xd	-⅛	13¾	10	1,012	–
Bowater	1442pxd	+5	1682p	1335p	622.5	1.9
CPC	27⅝xd	-⅛	34⅝	27⅝	4,184	3.2
Cadiz Land Inc ♥	70p	—	115p	70p	–	–
California Engy	1372p	-33	1478p	1085p	248.8	–
Chase Manhattan	24⅛xd	+⅛	24½	17⅞	3,758	3.4
Chrysler	27⅛xd	+⅛	28⅞	21¼	8,016	1.5
Citicorp	19⅝xd	+⅛	20⅞	13⅞	7,174	–
Colgate-Palm	38⅞xd	+⅛	45⅝	35⅛	6,398	2.1
Cont'l Bank	1771p	+45	1877p	1278p	1,789	2.3
Dana	30⅛xd	—	34⅞	29½	1,383	3.7
Data General	681p	-34	951p	681p	187.9	–
Decora Inds ♥	128p	—	148p	126p	–	–
Dun & Brad	38	+⅛	42⅞	37¼	6,778	4.1
Eaton	65⅞	—	69⅝	50⅝	1,987	2.7
Echlin	15⅛xd	-⅛	18⅞	15⅛	866.9	3.2
FPL	24⅞xd	+⅛	27⅝	23¼	4,417	7.0
Ford Motor	35⅞	-⅛	35⅞	28⅞	17,267	1.9
Gen Elect	58⅝xd	-¼	61¼	53⅞	58,922	2.9
General Host ♥	681p	-12	723p	573p	–	4.1
Gillette	38½xd	+⅛	42⅞	35⅛	8,020	1.4
Hasbro	28⅞	—	28⅞	20⅞	1,815	0.8
Honeywell	21½xd	—	24⅞	20½	2,938	2.8
Houston Inds	30¾	-⅛	33¼	29⅛	3,982	6.7
IBM	31½	-1¼	39⅞	29⅞	17,873	4.7
Ingersoll-Rand	19⅞xd	-⅛	25	19⅞	2,043	2.5
Lockheed	40¾	+½	42⅞	35⅛	2,600	3.6
Lowe's h	2067p	+36	2339p	1573p	1,508	0.9
Merrill Lynch	48⅝xd	+3⅞	50⅞	37	5,089	1.7
Morgan (JP)	48¼xd	+⅛	48½	38⅛	8,838	3.6
Morris (Philip)	30⅞xd	+⅛	52⅞	30⅞	28,490	3.9
NYNEX	57⅞	—	64⅛	54¼	11,933	5.5
Pall	11¼xd	+⅛	15	11	1,360	1.9
Pennzoil	37⅝xd	+⅛	40¼	31½	1,529	5.5
Quaker Oats	40⅞xd	+⅛	48⅛	40⅞	2,847	3.2
Rockwell	20⅝xd	-⅛	21⅛	18⅞	4,523	3.1
Rep NY	33⅞xd	+⅛	37⅞	30⅛	1,756	2.2
Sears, Roebuck	34⅞xd	+⅛	37⅞	28⅞	11,869	3.2
Sthwestern Bell	66	+1	62⅞	46¼	14,982	4.0
Sun Co	15¼xd	-¼	21⅛	15¼	1,628	8.1
Tenneco	31⅞xd	+2⅛	33¼	25½	4,832	3.5
Texaco	41½	-⅛	44¼	37⅞	10,737	5.3
Time Warner h	21⅞xd	+⅛	25⅞	18⅝	7,984	0.9
Unitab ♥	378p	—	460p	379p	172.6	–
US West	27½	-⅛	30¾	24¾	11,368	5.4
Varity	2115p	+12	2260p	1686p	689.8	–
Waste Manage	19¾xd	—	27⅞	19¾	9,657	1.8
Whirlpool	3634pxd	+50	3720p	2824p	2,470	2.1
Woolworth ♥	19⅞	—	21½	18⅞	2,586	3.9

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

مكتبة الأصيل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Greenwich Res ♣□	13	—	16½	5	10.0	–
Hemlo Gold CS	£4¾	—	95	£3½	458.0	2.1
Iverna West IE ‡‡□	53	—	57	31	26.7	–
Kenmare ♣□	8½	—	9¼	6	8.17	–
Mallings Res.	14	—	25½	14	1.54	–
Navan Res IE ♣	28	-3	34	25	3.75	–
5pc Ln Notes	30	+2	34	25	5.45	–
Oryx Gold	69	-2	71	47	–	–
Plateau ♦	3#	—	3	3	1.37	–
RTZ ♣□	668	+3	709	634	6,888	3.9
Vizcaya ♣□	5½	—	5¾	2¾	2.84	–

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

□ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
● "Top Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
Φ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ Free annual/interim report available, see details below.
✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Not officially UK listed; dealings permitted under Rule 535(2)
\# Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue.
♦ Merger bid or reorganisation in progress
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xc ex capital distribution.

FT MANAGED FUNDS SERVICE

● Unit Trust prices are available from FT Cityline, call 0891 43 + the five-digit code listed after the unit trusts. Calls charged at 36p/minute cheap rate and 48p/minute at all other times.

AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
61 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	150.2	151.8	159.6	+0.90	0.00
AIB Grofund Equity	5	204.1	207.2	219.2	+1.50	3.13
AIB Grofund Euro	5	159.5	161.4	169.9	+0.90	0.03
AIB Grofund Ext Interest	3	99.18	101.0	104.2	---	1.96
AIB Grofund Gilt	3	78.02	78.18	80.60	+0.02	5.03
AIB Grofund Japan	5	159.6	161.3	169.8	-1.90	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corpn St, Coventry 0203 553231

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	414.4	416.0xd	442.6	-0.5	2.50
General Acc	5	455.0	456.9xd	486.0	-0.5	2.50
UK Growth Acc	6	303.3	307.4xd	327.3	-0.3	2.88
UK Growth Inc	6	214.8	217.8xd	231.8	+0.2	2.88
Higher Inc Acc	6	554.1	562.4xd	598.3	-1.0	3.86
Higher Inc Inc	6	336.4	341.4xd	363.2	-0.6	3.86
Gilts/Fxd Int Acc	5½	176.0	176.0xd	185.8	-0.1	8.03
Gilts/Fxd Int Inc	5½	92.25	92.25xd	97.42	-0.07	8.03
Nth America	6	237.8	242.8xd	258.5	+0.5	0.00
Far East	6	277.8	280.3xd	298.2	---	0.15
Europe	6	214.6	216.3xd	230.2	+0.5	0.96
Brit Excell	6	62.35	62.35	66.33	-0.11	2.84
Brit Fndmntls Acc	6	84.10	84.10xd	89.47	-0.17	5.13
Brit Fndmtls Inc	6	65.25	65.25xd	69.42	-0.13	5.13
Global Opps	6	68.24	68.95	73.38	-0.34	0.00
Balanced Acc	6	46.41	46.67	49.65	-0.01	3.10
Balanced Inc	6	46.41	46.67	49.65	-0.01	3.10

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gilts & Fixed Int	6	131.3	131.3xd	139.2	+0.1	5.91
High Inc Equity	6	146.2	148.2xd	157.6	+0.6	5.05
Worldwide Bond	6	258.0	258.0	273.6	-0.1	4.43
American Growth	6	281.2	281.2	300.9	+1.2	.67
Asian Pacific	6	210.8	215.6	229.3	+4.5	.71

Britannia Life Unit Managers Ltd (1200)F
50 Bothwell Street, Glasgow G2 6HR 041-223 8020

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	91.99	93.04xd	99.60	+0.19	1.67
Do (Accum)	6	101.19	102.34	109.45	+0.21	1.67
Smaller Cos	6	77.74	79.58	85.09	+0.23	1.35
Do (Accum)	6	84.06	86.03	92.01	+0.24	1.35
Higher Yield	6	37.12	37.55xd	40.16	+0.07	4.43
Do (Accum)	6	51.14	51.74	55.33	+0.09	4.43
American Gth Inc	6	56.66	56.10	60.00	+0.13	0.00
Do (Accum)	6	56.92	57.17	61.14	+0.13	0.00
European Growth	6	94.96	95.60xd	102.25	+0.83	1.07
Do (Accum)	6	96.30	96.93	103.67	+0.84	1.07
Global Bond Inc	6	28.62	28.69	30.68	-0.02	5.03
Do (Accum)	6	35.46	35.57	37.74	-0.02	5.03
Managed P'folio Inc	6	33.66	33.95xd	36.31	+0.10	1.49
(Do Accum)	6	34.10	34.19	36.57	+0.10	1.49
Pacific Growth Accum	6	89.52	90.57	96.86	+0.47	0.58
Intl Spec Opps Accum	6	85.07	86.19	92.18	+0.49	0.67

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	90.87	90.87	96.78	+0.87	2.05
Mngd P'folio Acc	6	171.7	171.7	182.9	+1.60	-
UK General	6	148.5	148.5xd	158.2	+0.98	3.07
European Inc	6	22.33	22.33	24.04	+0.43	0.47
European Acc	6	23.06	23.06	24.83	+0.44	-
Financial	6	119.2	119.2xd	127.0	+0.60	3.30
Foundation	6	72.12	74.02xd	78.84	+0.57	3.39
German	6	42.18	42.18	45.22	+0.82	0.09
Growth Inc †(5-1)	5	27.61	27.61	29.65	+0.17	2.96
Growth Acc †(5-1)	5	32.39	32.39	34.82	+0.19	-
High Income	6	69.36	69.36xd	74.56	+1.52	7.09
Income	6	121.3	123.7xd	132.3	+0.49	4.16
Intl Income	6	91.10	91.10	97.02	+0.79	4.82
Intl Growth ‡	6	31.60	31.60	33.65	+0.10	0.23
Monthly Income	6	67.70	69.61	74.35	+0.90	4.31
North American	6	98.72	99.22	105.7	+1.30	0.21
Orient ‡	6	115.5	118.5	124.7	+0.20	-
Recovery	6	36.34	36.75	39.51	+0.28	2.83
Smaller Cos Acc	6	257.4	272.2	291.3	+1.40	-
Smaller Cos Inc	6	150.6	159.4xd	170.6	+0.80	1.27

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income Growth	1	190.6	190.6xd	198.0	---	6.37

Buckmaster Mangmt Co Ltd (0930)H
15 St Botolph Street, London EC3A 7JJ 071-247 4542

NFU Mutual Unit Mngrs Ltd (1400)F
Admin: 5 Raleigh Road, Hutton, Brentwood, Essex Dealing 0277 261010
Enquiries 0277 227300

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Asian Equity	6	101.76	105.45	112.18	-0.10	3.21

NM Unit Trust Mngrs (1200)F
The Silton Centre, North Harbour, Portsmouth Dealing: 0705 387720
Enquiries 0705 372222

Provident Mutual Unit Tst Mgrs Ltd (0500)H
25-31 Moorgate, London, EC2R 6BA 071-588 3903

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
PM Equity Gth	5	134.5	134.5xd	143.0	+0.8	1.82
PM Income & Gth	5	113.6	113.6xd	120.8	+0.7	2.95
PM Nth Amer Gth	5	93.88	92.08xd	99.87	-0.67	0.28
PM European Gth	5	71.72	71.72xd	76.02	+0.73	1.78
PM Japan Gth	5	105.6	105.9xd	112.6	+0.3	-
PM Overseas Gth	5	62.35	68.35xd	72.77	-0.89	0.48

Prudential Unit Trusts Ltd (1200)F
51-59 Ilford Hill, Ilford, Essex IG1 2DL 081-478 3377
Client Enquiry 071-911 4490
Intermediary Dealing 071-911 4314

Murray Johnstone UT Mgmt (1000)H
7 West Nile St, Glasgow G1 2PX 0345 090 939

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Acumen	1	82.78	82.78xd	84.86	+0.46	2.36
Acumen Inc	1	80.44	80.44xd	82.46	+0.46	2.36
Acumen Reserve	1	78.73	78.73xd	79.53	+0.48	7.75
Acumen Reserve Inc	1	74.87	74.87xd	75.63	+0.48	7.75
American Income	1	160.20	160.20	165.60	+0.30	2.41
Equity Income	1	90.40	90.40xd	92.88	+0.39	4.94
Europan	1	59.03	59.03	60.58	-0.21	1.19
Smaller Cos	1	62.68	62.68	65.38	+0.26	1.30
Olympiad	1	81.82	81.82	83.39	+0.47	0.46
Global Bond	1	47.44	47.44	47.98	+0.01	6.68
UK Growth	1	80.36	80.36xd	82.73	+0.32	1.99
Pacific Growth	1	71.24	71.24	73.67	+3.00	0.59
Japan Growth	1	90.73	90.73	92.28	-1.06	0.00

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

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OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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Prolific Life & Pensions Ltd

Stramongate, Kendal, Cumbria LA9 4UB 0539 733733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Adventurous Mngd	164.1	174.6	-0.6	-
Balanced Gwth Mngd	681.5	725.1	+1.1	-
Cautious Mngd	129.3	137.8	+0.2	-
Cash Fd	319.6	337.1	---	-
Property Fund	217.8	231.6	---	-
Gilt Fund 20	451.8	480.7	+0.3	-
Equity Fund	773.3	822.7	-2.9	-
Fxd. Int. Fund	422.4	445.2	+0.6	-
International	346.8	369.0	-2.0	-
High Income	616.8	654.6	+3.3	-
Technology	423.0	450.0	-5.5	-
North American	454.3	483.3	-5.1	-
Far East	460.6	490.1	-6.9	-
Special Sits	552.1	587.4	+1.0	-
Extra Inc Fd	332.1	353.3	+1.4	-
American Income	185.0	198.9	-2.2	-
Convertible & Gilt Fd	158.1	168.3	+0.6	-
European Fund	127.1	135.3	+0.2	-
Pref & Fixed Int	115.4	122.8	-0.1	-
UK Blue Chip	119.0	125.5	+1.2	-
Recovery Fund	121.8	128.5	+0.8	-
Equity Income Dist	109.0	116.0	+0.2	5.07
Managed Dist	103.5	110.2	---	5.79
High Yield Dist	104.7	110.4	+0.1	7.80
Pension Funds				
Adventurous Mgd Pns Acc	174.5	183.7	-1.0	-
Balncd Gth Mgd Pens Acc	800.2	842.4	+3.1	-
Cautious Mngd Pens Acc	149.8	157.7	+0.2	-
Building Soc. Acc	368.8	389.3	---	-
Property Pens Acc	297.3	313.0	---	-
Fix. Int. Pens. Acc	674.0	709.5	+0.5	-
Equity Pens. Acc	1020.5	1074.3	-2.2	-
International Pens Acc	324.4	341.5	-2.1	-
High Inc Pens Acc	695.7	732.4	+4.5	-
Tech Pens Acc	295.4	311.0	-4.9	-
N American Pens Acc	348.5	366.8	-4.4	-
Far Eastern Pens Acc	458.0	482.7	-8.2	-
Special Sits Pens Acc	452.2	476.0	+2.6	-
Extra Income Pens Fd	406.9	428.4	+1.7	-
American Inc Pens	213.7	225.0	+0.8	-
Convertible & Gilt Pen	194.3	204.6	-3.1	-
European Pens	142.5	150.1	+0.2	-
Managed Cash Pens	174.1	183.3	---	-

Reliance Mutual

Reliance House, Tunbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gross
Deposit Acc Fd	170.1	179.0	---	-
Equity Acc Fd	412.7	434.5	+1.2	-
Managed Acc Fd	364.7	383.9	---	-
Prop Fd (1st Issue)	-	892.8	---	-
Prop Acc Fd (2nd Iss)	128.6	135.4	---	-
Trust Mngd Fd	180.4	189.9	---	-
RL Pension Funds				
Deposit Acc	248.5	261.6	+0.1	-
Equity Acc	310.7	327.1	+1.1	-
Fixed Int Acc	256.6	268.0	---	-
Gilt Indx Lnk Acc	194.9	205.1	---	-
Managed Acc	410.3	431.9	---	-

J Rothschild Assurance PLC

J Rothschild House, Dollar Street, Cirencester

Telephone 0285 640302 Helpline 071-307 6500

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Income Distribution	97.1	102.3	+0.60	-
JRA/M&G Managed	120.5	126.9	+0.50	-
JRA/Scudder Amacable Mngd	116.7	122.9	+0.40	-
JRA/St James's Place Mngd	130.0	138.9	+0.20	-
Deposit	100.8	106.2	+0.10	-
Far East	126.3	133.0	-0.90	-
Gilts	110.4	116.3	+0.60	-
Greater European	116.3	122.5	+0.70	-
North American	130.0	136.9	-0.40	-
UK Equity	120.5	126.8	+0.30	-
Pension Funds				
JRA/M&G Managed cap	119.2	125.5	+0.50	-
JRA/M&G Managed acc	124.2	130.8	+0.50	-
JRA/Scudder Amacable Mngd cap	116.6	122.8	+0.50	-
JRA/Scudder Amacable Mngd acc	121.6	128.1	+0.60	-
JRA/St James's Pl Mngd cap	137.3	144.6	+0.50	-
JRA/St James's Pl Mngd acc	143.1	150.7	+0.50	-
Deposit cap	100.8	105.9	---	-
Deposit acc	104.8	110.4	---	-
Far East cap	123.4	129.8	-1.10	-
Far East acc	128.6	135.4	-1.20	-
Gilts cap	108.6	114.6	+0.40	-
Gilts acc	113.4	119.4	+0.40	-
Greater European cap	117.8	124.1	+0.60	-
Greater European acc	122.3	129.3	+0.60	-
North American cap	125.8	132.3	-0.30	-
North American acc	131.0	137.9	-0.40	-
UK Equity cap	121.2	127.6	+0.70	-

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

IRELAND (SIB RECOGNISED)

MANAGEMENT SERVICES

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FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
R & H Fund Managers Ltd				
LFM Sterling Fd	£11.43	11.82	—	-
B.F. Offshore Inc Fd Ltd	£12.21	12.73	—	-
IMC Offshore Fd	£9.87	10.40	—	-
Nelson Milnes WW S/S	£12.04	12.54	—	-

JERSEY (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey 0534 36833						
AIB Currency Funds Ltd						
Intl Managed Bond	5		£- 22.7495	22.7639		-
Managed Capital Bd	5		£- 22.8632	22.8857		-
AIB Grindlays Currency Fund Limited						
Stg Mngd Currency Fd	5		£-	11.2081		-
Sterling Currency Fd	5		£-	10.7454		-
Ecu Currency	5		Ecu-	11.2016		-
US Dollar Mngd Ccy	5		$-	22.3886		-
Barclays International Funds						
PO Box 152, St Helier, Jersey CI 0534 67888						
Equity Funds						
Australian Eq (inc)	6¼	£1.053	1.057	1.131		0.9
Global Income (inc)	6¼	£0.561	0.657	0.686		2.2
Global Resources	5¼	£0.447	0.453	0.484		0.7
Currency Funds						
Stg Premium Income		£10.08		10.08	+0.01	5.1
Sterling		£-		23.87	+0.01	5.0
US Dollar		$-		32.88	—	1.8
Deutschemark		DM-		62.12	—	7.2
Yen		Y-		4244		3.0
Managed Multicurrency		£-	15.06	15.58		-
Managed Multicurrency		$-	26.16	27.08	—	-
Bond Funds						
Sterling Bond	3½	£-	0.4420	0.4581		8.9
Capital House Fund Mgrs (CI) Ltd (0800)H						
PO Box 189, St. Helier, Jersey 0534 74689						

	Bid Price	Offer Price	+ or -	Yield Gross
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Intl Gwth Fd	$4.3255	4.4905	- -	-
Offshore Japanese Gwth Fd	$1.2838	1.3420	- -	-
Offshore Am Gwth Fd	$6.9247	7.3589	- -	-
Offshore Emerging Cos	$4.6250	4.8080	- -	-
Offshore European Fd	$1.6385	1.7413	- -	-
Offshore Global Bond	$1.0511	1.0849	—	-
Offshore Far Estrn Fd	$3.0330	3.2232	—	-
Offshore UK Growth Fd	$2.2751	2.4178	—	-
The Portugal Fund Limited				
Lloyds Bank Trust Company (Channel Islands) Ltd				
NAV Apr 9		$4.41		-
Royal Bk of Scotland Fd Mngrs (Jersey) Ltd				
Ivory Growth Fund	£16.38	16.63	—	1.43
LFM Defensive Strgy	£12.49	13.17	—	-
Royal Trust Intl Fd Mngt Ltd				
Sterling Fxd Int (a)†	101.10	102.00	+0.20	6.75
International Bond (a)†	$1.166	1.178	+0.011	5.09
†Prices on Apr 7 Next dealing Apr 21.				
Schroder Mngt Services (Jersey) Ltd				
Schroder Money Funds Ltd				
Sterling		£37.2031	+0.0298	5.06
US $		$49.0446	+0.0165	1.83
D-Mark		DM85.3872	+0.1164	7.28
Swiss Franc		SFr78.5703	+0.0588	3.81
Yen		Y6197.33	+1.92	2.09
Scimitar Worldwide Money Fund Ltd				
Sterling		£26.0490	+0.0042	6.12
US $		$37.5154	+0.0025	2.47
D-Mark		DM82.3279	+0.0166	7.22
Swiss Franc		SFr60.8197		
Japanese Yen		Y7737.5598	+0.0432	2.58
Australian $		A$42.2165	+0.005	4.58
Canadian $		C$34.7043		
Ecu		Ecu16.5889	+0.0037	
US$ Managed	$38.2704	40.4848	+0.0029	2.36
Sterling Managed	£24.1758	24.8236	-0.0227	4.01
Scimitar Worldwide Selection Fd Ltd				

Dresdnerbank Asset Mngmt SA (u)

13 Rue Beaumont, L-1219 Luxembourg

E.T. Investment Management Ltd

13 Rue Goethe, BP 413, Luxembourg

Eagle Star - Global Assets Fund

5 Rue Aldringen L-1118 Luxembourg

EquiFund-Wright National Equity Fd (u)

14 rue Aldringen, L-1118 Lux

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
Global Asset Management-Contd.				
GAM Bond Yen	Y13666		+60	-
GAM Bond DM	DM113.43		+0.83	-
GAM Bond £	£140.10		-0.77	-
GAM Stg Special Bond	£129.10		+1.04	-
Swiss Registered Funds				
GAM (CH) Mondial	SFr1470.23		+21.28	-
GAM (CH) Pacific	SFr2282.00		+3.92	-
GAM (CH) America	SFr1598.31		-17.40	-
GAM (CH) Europe	SFr88.09		+1.01	-
SEC Registered Funds				
GAM Global Fd	$115.92		-3.87	-

	Bid Price	Offer Price	+ or -	Yield Gross
ORIENT Growth Fd				
NAV	$10.43		+0.07	-
PFC Internatl Portfolio Fd Mngt Ltd				
Specialist Growth Fd	$2.85		-0.07	-
Balanced Growth Fd	$2.53		-0.04	-
Sterling Income Fd	£1.63		-0.01	-
PFC-LCC & B	$12.95		—	-
PFC LCC & B Stg Class	£10.55		—	-
PFC Cap Global Pfolio	$12.96		+0.09	-
PFC Dynamic Mkts Pfolio	$10.78		—	-
PRS International				

MANAGED FUNDS NOTES

FOREIGN EXCHANGES

Pound rallies against D-Mark

STERLING rose one-and-a-half pfennigs against the D-Mark in yesterday's European trading, following the release of more strong data for the UK economy, *writes James Blitz.*

After rising 1¼ pfennigs against the D-Mark on Tuesday, yesterday's industrial production figures, showing a 1.6 per cent rise in February after a fall of 0.1 per cent in January, enhanced the bullish mood.

The pound rose from about DM2.4650 to peak at about DM2.4775 at lunchtime in London, immediately after the figures were released. Sterling later closed at DM2.4700, a net rise of ¾ of a pfennig on the day. The currency's trade weighted index, which compares sterling with its 1985 value against a basket of currencies closed at 80.8 per cent, up 0.4 percentage points on the day.

Several dealers suggested the pound could move higher from current levels. However, Mr Mike Gallagher, Director of Economic Research at IDEA in London, cautioned that sterling may be capped by the Bank of England's purchase of currencies in the foreign exchange market.

He noted that UK reserves had fallen by $1.7bn in March when the Bank is thought to have repaid loans received to support its currency in the run-up to Black Wednesday last year. Mr Gallagher said there were rumours that the Bank had been buying foreign currencies in recent days to make up the loss.

Mr Jeremy Hawkins, economic adviser at Bank of America in London, also cautioned that the pound might fall back today when the Maastricht treaty is debated in the House of Commons. After several weeks of consistent strength, the yen weakened against the dollar yesterday following Tuesday's announcement of a Y13,200bn economic package aimed at reviving Japan's troubled economy.

After hitting a new record high of Y112.58 against the US currency on Monday morning, the yen depreciated to a close of Y113.95 in Europe last night.

According to Mr Hawkins of Bank of America, this week's fiscal stimulus is the first indication from the Japanese that they will reduce their huge trade surplus with the US by boosting their economy and sucking in American imports rather than by letting the yen appreciate.

The yen may also have weakened with the passing of the financial year-end in Japan, which saw much repatriation of the Japanese currency.

The dollar gained a pfennig against the D-Mark yesterday, despite a very small cut in the interest rate at which the Bundesbank offers wholesale funds to commercial banks.

The cut in the repo rate by 2 basis points to 8.11 per cent failed to stop the dollar rising to a close of DM1.5915 from a previous DM1.5790. One analyst said there had been profit-taking by dealers with short dollar positions following the recent sell-off of the US currency.

£ IN NEW YORK

Apr.14	Latest	Previous Close
£ Spot	1.5515-1.5525	1.5580 1.5590
1 month	0.38-0.36pm	0.38 0.36pm
3 months	1.05-1.03pm	1.03 1.00pm
12 months	3.55-3.45pm	3.42 3.32pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr 14	Previous
8.30 am	80.4	80.8
9.00 am	80.5	80.9
10.00 am	80.6	80.8
11.00 am	80.6	80.8
Noon	80.9	80.8
1.00 pm	80.9	80.8
2.00 pm	80.8	80.8
3.00 pm	80.9	80.8
4.00 pm	80.8	80.7

CURRENCY RATES

Apr 14	Bank ‡ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.910158	0.788083
US Dollar	3.00	1.41271	1.22823
Canadian $	6.09	1.78095	1.55309
Austrian Sch	7.00	15.7987	13.7119
Belgian Franc	7.00	46.3313	40.1047
Danish Krone	10.00	8.64564	7.47315
D-Mark	7.50	2.24653	1.94834
Dutch Guilder	7.00	2.52146	2.18956
French Franc	10	7.58727	6.58759
Italian Lira	11.50	2174.37	1881.18
Japanese Yen	2.50	159.145	139.662
Norway Krone	-	8.57058	8.27334
Spanish Peseta	-	161.870	140.349
Swedish Krona	11.50	10.6233	9.07340
Swiss Franc	5.00	2.08521	1.78523
Greek Drach	19	N/A	265.850
Irish Punt	-	N/A	0.798120

‡ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland.
† European Commission Calculations.
* All SDR rates are for Apr.13

CURRENCY MOVEMENTS

Apr 14	Bank of England Index	Morgan** Guaranty Changes %
Sterling	80.8	-29.43
U.S Dollar	84.4	-14.30
Canadian Dollar	94.9	-6.16
Austrian Schilling	115.5	+17.11
Belgian Franc	116.3	+2.09
Danish Krone	119.0	+13.00
D-Mark	125.7	+32.60
Swiss Franc	110.8	+19.20
Dutch Guilder	119.9	+21.41
French Franc	110.7	-5.90
Lira	78.5	-35.94
Yen	165.4	+104.30
Peseta	98.6	-24.89

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Apr.13

OTHER CURRENCIES

Apr 14	£	$
Argentina	1.5415 - 1.5440	0.9900 - 0.9910
Australia	2.1545 - 2.1565	1.3845 - 1.3855
Brazil	43452.8 - 43453.2	27890.2 - 27890.4
Finland	8.5915 - 8.6435	5.5425 - 5.5625
Greece	332.350 - 338.950	214.200 - 218.500
Hong Kong	12.0180 - 12.0305	7.7310 - 7.7320
Iran	2558.00*	1648.00*
Korea(Sth)	1229.00 - 1248.80	792.60 - 798.80
Kuwait	0.46835 - 0.46930	0.30080 - 0.30130
Luxembourg	50.75 - 50.85	32.70 - 32.80
Malaysia	4.0080 - 4.01185	2.5805 - 2.5815
Mexico	4.8220 - 4.8250	3.0970 - 3.0990
N.Zealand	2.8635 - 2.8670	1.8390 - 1.8415
Saudi Ar	5.8265 - 5.8380	3.7495 - 3.7505
Singapore	2.5245 - 2.5310	1.6250 - 1.6260
S.Af (Cm)	4.9115 - 4.9225	3.1615 - 3.1635
S.Af (Fn)	7.5205 - 7.5360	4.8300 - 4.8400
Taiwan	40.55 - 40.70	26.05 - 26.15
U.A.E.	5.6525 - 5.6715	3.6715 - 3.6735

*Floating rate. Iran Official rate:£98.50 $66.30

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 14	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Irish Punt	0.809996	0.798120	-1.47	2.07	56
Spanish Peseta	142.150	140.349	-1.27	1.87	22
Dutch Guilder	2.20045	2.18956	-0.49	1.08	14
Belgian Franc	40.2802	40.1047	-0.44	1.02	10
D-Mark	1.95294	1.94834	-0.24	0.81	1
Portuguese Escudo	180.624	180.783	0.09	0.49	-1
Danish Krone	7.44934	7.47315	0.32	0.26	-25
French Franc	6.54988	6.58759	0.58	0.00	-44

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Apr.14	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.553	2.470	177.0	8.348	2.260	2.773	2390.	1.961	50.80	178.0	1.269
$	0.644	1	1.590	114.0	5.376	1.455	1.786	1539	1.263	32.71	114.6	0.817
DM	0.405	0.629	1	71.66	3.380	0.915	1.123	967.6	0.794	20.57	72.06	0.514
YEN	5.650	8.774	13.95	1000.	47.16	12.77	15.67	13503	11.08	287.0	1006	7.169
F Fr.	1.198	1.860	2.959	212.0	10.	2.707	3.322	2863	2.349	60.85	213.2	1.520
S Fr.	0.442	0.687	1.093	78.32	3.694	1	1.227	1058	0.868	22.48	78.76	0.562
H Fl.	0.361	0.560	0.891	63.83	3.010	0.815	1	861.9	0.707	18.32	64.19	0.458
Lira	0.418	0.650	1.033	74.06	3.493	0.946	1.160	1000.	0.821	21.26	74.48	0.531
C $	0.510	0.792	1.260	90.25	4.257	1.152	1.414	1219	1	25.91	90.77	0.647
B Fr.	1.969	3.057	4.862	348.4	16.43	4.449	5.459	4705	3.860	100.	350.4	2.498
Pta	0.562	0.872	1.388	99.44	4.690	1.270	1.558	1343	1.102	28.54	100.	0.713
Ecu	0.788	1.224	1.946	139.5	6.579	1.781	2.185	1883	1.545	40.03	140.3	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

MONEY MARKETS

Sterling futures tumble

SHORT-DATED sterling futures fell sharply yesterday after better-than-expected figures for UK industrial production quashed fledgling hopes of another cut in UK base rates, *writes James Blitz.*

There had been slight optimism at the start of the week about a near-term rate cut following sterling's strong performance on the foreign exchange markets.

UK clearing bank base lending rate
6 per cent
from January 26, 1993

However, yesterday's industrial production figures for February, which showed a 1.6 per cent rise in the month came as a complete surprise to the market.

There was an especially strong focus on the figure for manufacturing output, which showed a 1.2 per cent rise against forecasts of 0.2 per cent.

As a result, the June short sterling contract fell 12 basis points from its opening level to bottom out at 94.13, before closing at 94.15. The September contract fell even more heavily, by some 19 basis points, to a low of 94.20 before closing at 94.22.

The 94.22 figure was the high point of the futures yield curve. Dealers were effectively pricing in no moves in base rates below 6 per cent.

Rates in the cash market firmed by around 1/16 of a percentage point in the wake of the UK data. Three-month sterling deposit rates closed at around 5 15/16 per cent from around 5 13/16 per cent on Tuesday night.

The rise in cash rates was remarkable considering the very small shortage of £450m forecast by the Bank of England at the start of the day.

One dealer said that the raft of recent good news on the UK economy had removed any hope of another cut in base rates. The deposit rate yield curve closed flat last night with the bid rate at 6 per cent from 1 month out to 1 year.

Another dealer suggested that bullishness could re-emerge if sterling breaks through the DM2.50 level against the D-Mark. He said that conditions in the discount market would make it unlikely that deposit rates would rise far above 6 per cent.

In Europe, the 2 basis point cut in the Bundesbank's repo rate depressed sentiment in French and German futures markets.

With the rate for 14-day funds reduced to 8.11 per cent, the June Euromark contract fell 7 basis points to close at 92.77. The September contract fell 9 basis points to close at 93.65.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.14) 3 months US dollars		6 months US Dollars	
bid 3 1/8	offer 3 1/4	bid 3 3/16	offer 3 5/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	2.96	Three year	4.17
Broker loan rate	5	Two month	2.88	Five year	5.06
Fed.funds	3 1/8	Three month	2.87	Seven year	5.53
Fed.funds at intervention	-	Six month	3.04	10-year	5.91
		One year	3.19	30-year	6.77
		Two year	3.77		

Apr.14	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.25-8.35	8.10-8.20	7.95-8.05	7.85-7.95	7.45-7.55	9.00
Paris	[illegible]	9-9 1/4	-	8 5/8-8 7/8	-	9.10
Zurich	5-5 1/4	[illegible]	-	4 7/8-5	-	-
Amsterdam	-	-	-	-	-	-
Tokyo	[illegible]	-	-	-	-	-
Milan	[illegible]	[illegible]	-	[illegible]	-	-
Brussels	[illegible]	[illegible]	-	8-8 1/8	-	-
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	8 1/4-8 3/8	-

LONDON MONEY RATES

Apr 14	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	6	5 7/8	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	5	5 3/8	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs.	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	5 7/8	5 7/8	5 7/8	5 7/8	5 7/8	5 7/8
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	5 3/4	5 5/8	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	5 7/8	5 7/8	5 7/8	5 7/8
Treasury Bills (Buy)	-	-	[illegible]	[illegible]	5 1/2	-
Bank Bills (Buy)	-	-	[illegible]	5 5/8	[illegible]	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs.	-	-	2.96	2.99	3.05	3.25
SDR Linked Dep. Offer	-	-	5	4 7/8	4 3/4	[illegible]
SDR Linked Dep. Bid	-	-	4 7/8	4 3/4	4 5/8	[illegible]
ECU Linked Dep. Offer	-	-	9 1/4	[illegible]	[illegible]	8
ECU Linked Dep. Bid	-	-	9 1/8	[illegible]	[illegible]	7 7/8

Treasury Bills (sell); one-month 5 5/8 per cent; three months 5 1/2 per cent; six months [illegible] per cent. Bank Bills (sell); one-month 5 5/8 per cent; three months [illegible] per cent; Treasury Bills; Average tender rate of discount 5.2544 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 31, 1993. Agreed rates for period April 26, 1993 to May 25, 1993, Scheme I: 7.36 p.c., Schemes II & III: 7.25 p.c. Reference rate for period Feb 27, 1993 to March 31, 1993, [illegible] Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance House Base Rate [illegible] from April 1, 1993: Bank Deposit Rate for sums at 7 days notice [illegible]. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month [illegible] p.c.; one-three months [illegible]; three-six months 5 p.c.; six-nine months 4 3/4 p.c.; nine-twelve months [illegible] p.c.; Under £100,000 [illegible] p.c. from Jan.27, 1993. Deposits withdrawn for cash 1 1/4 p.c.

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls May	Calls June	Calls September	Puts May	Puts June	Puts September
115	-	3.11	-	-	0.05	-
116	-	2.20	-	0.02	0.13	0.55
117	-	1.37	1.93	0.06	0.30	0.83
118	0.39	0.73	1.25	0.30	0.63	1.23
119	0.10	0.35	0.90	-	-	1.74
Open Int	21,427	175,173	109,536	11,053	132,082	61,059

Estimated volume 50,454 † Total Open Interest 526,737
† All Yield & Open Interest figures are for the previous day.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5525	1.5488	1.5420	1.5320	1.5162

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	6
Bank of Baroda	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	●Smith & Williamson Secs.	6
Bank of Cyprus	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	●Hambros Bank	6	Unibank plc	6
Bank of Scotland	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Yorkshire Bank	6
Citibank NA	6	●Leopold Joseph & Sons	6		
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	*McDonnell Douglas Bk.*	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

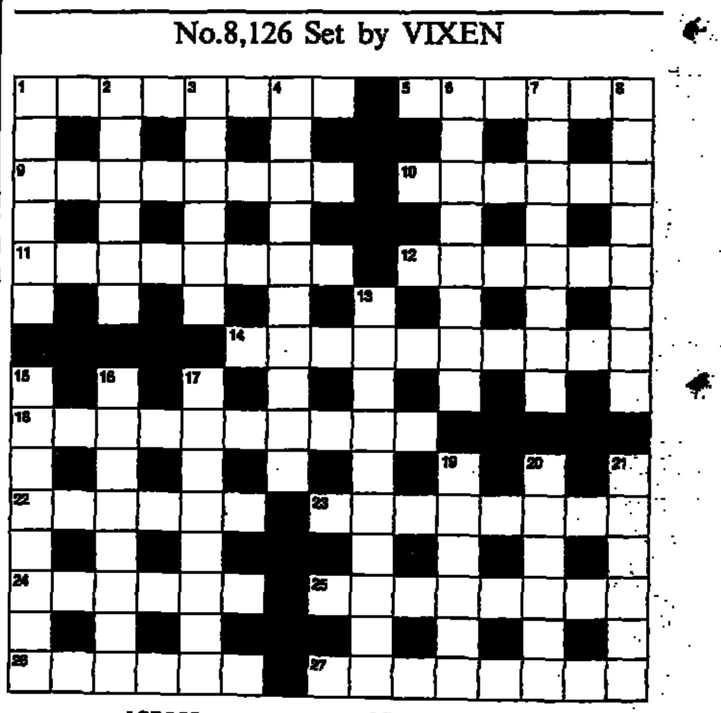
MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

CROSSWORD

No.8,126 Set by VIXEN



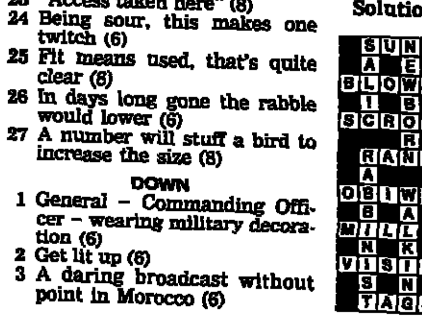
ACROSS

1 An oriental feature about a fellow's retirement (8)
5 The players could be Croats (6)
9 Thoughtful way in which people register (8)
10 Popular action, certainly (6)
11 Striking the Tories as comprehensive (8)
12 Ambled by mistake into a scene of uproar (6)
14 Taking on a certain braggadocio (10)
18 Those bringing up the rear are least helpful (10)
22 Moderately appealing (6)
23 "Access taken here" (8)
24 Being sour, this makes one twitch (6)
25 Fit means used, that's quite clear (6)
26 In days long gone the rabble would lower (6)
27 A number will stuff a bird to increase the size (8)

DOWN

1 General – Commanding Officer – wearing military decoration (6)
2 Get lit up (6)
3 A daring broadcast without point in Morocco (6)
4 Like peas in a pod nevertheless (3,3,4)
6 Many draw behind on scorn being shown (8)
7 Covered or left face-up? (8)
8 Holding money in America, sent a deposit (8)
13 Offers to sell up – lets a son arrange it (4,2,4)
15 Little church with a homely priest (8)
16 Principal income (8)
17 Sit the finest mount? (8)
19 Aiming to be bothersome (6)
20 Turn up in green (6)
21 A scientist's novel, not badly written (6)

Solution to Puzzle No.8,125



WORLD STOCK MARKETS

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · GERMANY · NETHERLANDS · NORWAY · SPAIN · ITALY · SWEDEN · SWITZERLAND · SOUTH AFRICA

[illegible]

CANADA

TORONTO

4 pm close April 14

Quotations in cents unless marked $

Sales	Stock	High	Low	Close	Chng
500	Cascades	$6¼	6¼	6¼	
500	Celanese	$45	45	44¾	
200	CinCapital	26	26	26	
230900	Cineplex Odn	205	188	195	-8
15900	Cntrl Fd A	u$5¼	5	5¼	
133100	Cominco	$16⅞	16⅝	16¾	
11000	Coputalog	170	160	170	+8
23200	Corel Sys	$18⅞	18¾	18⅞	+⅛
3000	CoscanDev	160	155	160	-5
90100	CrownX A	310	305	310	+10
832500	Lac Minls x	$9⅛	8⅞	9	+⅛
17200	Lafarge	$20¼	20¼	20¼	
70900	Laidlaw A	$10⅛	d9¾	10	+¼
507100	Laidlaw B	$10⅛	9⅞	10	+⅛
5000	Laurent Bk	$17¾	17¾	17¾	+⅛
400	Laurent Gp	485	480	485	
2000	Lawson Mar	$9⅛	9	9	-⅛
150300	Loblaw	u$22½	22¼	22⅜	
158800	Mackenzie	u$7½	7¼	7¼	

[illegible]

MONTREAL

4 pm close April 14

[illegible]

INDICES

NEW YORK

DOW JONES	Apr 13	Apr 12	Apr 8	Apr 7	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3444.03	3428.09	3396.48	3397.02	3478.34 (10/3)	3241.95 (20/1)	3478.34 (10/3/93)	41.22 (2/7/32)
Home Bonds	*106.66*	*106.61*	*106.34*	*106.37*	*106.66 (13/4)*	*103.49 (11/1)*	*106.66 (13/4/93)*	*54.99 (1/10/81)*
Transport	1660.52	1648.84	1613.38	1617.82	1660.52 (13/4)	1453.84 (4/1)	1660.52 (13/4/93)	12.32 (8/7/32)
Utilities	245.81	244.49	242.80	242.68	245.81 (13/4)	217.14 (8/1)	245.81 (13/4/93)	10.50 (8/4/32)

DJ Ind. Day's High 3469.42 (3452.67) Low 3408.37 (3391.08) (Theoretical♠)
Day's High 3450.51 (3434.57) Low 3428.09 (3395.67) (Actual♠)

STANDARD AND POOR'S

	Apr 13	Apr 12	Apr 8	Apr 7	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	449.23	448.37	441.84	442.73	456.33 (10/3)	429.05 (8/1)	456.33 (10/3/93)	4.40 (1/6/32)
Industrials♥	*508.56*	*508.31*	*501.85*	*503.46*	*524.99 (10/3)*	*487.53 (18/2)*	*524.99 (10/3/93)*	*3.62 (21/6/32)*
Financial	46.67	46.18	45.26	44.97	46.67 (13/4)	39.89 (8/1)	46.67 (13/4/93)	8.64 (1/10/74)
NYSE Composite	247.85	246.91	243.84	244.32	251.36 (10/3)	236.21 (8/1)	251.36 (10/3/93)	4.46 (25/4/42)
Amex Mkt. Value	420.51	418.08	416.24	417.67	423.43 (31/3)	395.84 (8/1)	423.43 (31/3/93)	29.31 (9/12/72)
NASDAQ Composite	673.83	673.12	666.33	668.88	708.85 (4/2)	651.40 (23/2)	708.85 (4/2/93)	54.87 (31/10/72)

	Apr 2	Mar 26	Mar 19	year ago (approx.)
Dow Industrial Div. Yield	3.04	2.98	2.95	2.85

	Apr 7	Mar 31	Mar 24	year ago (approx.)
S & P Industrial div. yield	2.55	2.48	2.49	2.70
S & P Indl. P/E ratio	25.82	26.55	26.06	27.95

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Philip Morris	5,706,000	48⅛	+ ⅝
Citicorp	*5,248,100*	*30½*	*+ ¾*
RJR Nabisco	5,027,800	5⅞	- ⅛
Home Shop	4,570,500	5½	+ ¼
Motorola	*3,894,300*	*71⅛*	*- ⅞*
Glaxo	3,757,900	17	+ ¼
Wal-Mart	3,639,000	29¼	- ¾
Waste Man	*3,427,000*	*31⅞*	*+ 1¾*
West Elec	2,980,000	15¼	+ ⅛
Merck	2,809,000	33⅞	- ⅜

TRADING ACTIVITY

† Volume (Millions)	Apr 13	Apr 12	Apr 8
New York SE	286.153	259.611	282.474
Amex	*15.220*	*17.889*	*15.650*
NASDAQ	259.949	214.148	(u)
NYSE			
Issues Traded	2,514	2,505	2,479
Rises	1,249	1,354	983
Falls	719	613	881
Unchanged	546	538	614
New Highs	212	185	110
New Lows	*34*	*30*	*44*

CANADA

TORONTO

[illegible]

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto ... 1975 and *Montreal Portfolio 4/1/83.* † *Excluding bonds.* ‡ ... Closed. (u) Unavailable. ♠ The DJ Indl. index theoretical ... and lowest prices reached during the day by each stock; ... (telekurs) represent the highest and lowest values that the ... ts are previous day's) ♥ Subject to official recalculation.

AUSTRALIA · AUSTRIA · BELGIUM · DENMARK · FINLAND · FRANCE · GERMANY · HONG KONG · IRELAND · ITALY · JAPAN · MALAYSIA · NETHERLANDS · NORWAY · PHILIPPINES · SINGAPORE · SOUTH AFRICA · SOUTH KOREA · SPAIN · SWEDEN · SWITZERLAND · TAIWAN · THAILAND

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WORLD						
M.S. Capital Intl.(1/1/70) $	558.0*	580.6	(c)	551.9	560.80 (13/4)	488.60 (13/1)
Euro Top-100 (26/6/90)	958.30	956.01	(c)	(c)	958.30 (14/4)	862.73 (13/1)

**Saturday April 10: Taiwan Weighted Price 4,898.86, Korea Comp Ex. 708.33.
♥ Subject to official recalculation. *Calculated at 15.00 GMT

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 20 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable

JAPAN

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AUSTRALIA · HONG KONG · MALAYSIA · SINGAPORE

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TOKYO - Most Active Stocks

Wednesday April 14, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	*27.9m*	*402*	*-7*	*Nippon Comsys*	*11.3m*	*1,360*	*-40*
NEC Corp	36.3m	883	+20	Iwatsu Electric	9.2m	620	+74
Fujitsu Ltd	24.1m	760	+30	Suzuki Motor	8.8m	866	+12
Oki Electric Ind	14.0m	520	+25	Fujikura Ltd	7.7m	1,020	-20
Sumitomo Mtl Min	12.5m	690	+11	Kawasaki Steel	6.5m	372	-6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close April 14

1993 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
13¼	11½	AAR Corp	0.48	3.8	22	236	12⅞	12½	12¾	+⅛
27¼	20	A L Labs A	0.18	0.8	39	493	23⅞	23½	23⅝	
61⅜	54⅝	AMP Inc	1.60	2.7	21	943	60¼	59½	60	-⅛
70¼	55½	AMR			10	3982	69¼	68¼	69⅛	-⅛
2	1¾	ARX			11	53	1⅞	1⅞	1⅞	
42½	29⅞	ASA	2.00	5.0	28	1026	40⅜	39½	40⅛	+¾
30⅝	22⅝	Abbott Lab x	0.68	2.7	16	7276	25⅛	24⅝	24⅞	-⅛
12⅝	10¼	Abitibi Pr x	0.50	4.5	3	20	11⅛	11⅛	11⅛	
11⅜	10⅜	ACM Gvt In x	0.96	8.4		226	u11⅜	11¼	11⅜	+⅛
9¾	9⅛	ACM GrOpp x	0.79	8.5		17	9⅜	9¼	9¼	-⅛
9⅝	8¾	ACM Gvt Sp	0.79	8.3		283	9½	9⅜	9½	
11⅜	10½	ACM Gvt Se	0.96	8.6		165	11¼	11⅛	11⅛	
10⅞	9⅝	ACM Man x	1.08	10.0		136	10¾	10⅝	10¾	
9⅜	8⅝	ACM Managd x	0.72	8.0		228	9⅛	9	9	
8⅞	7¾	Acme Cleve	0.40	4.7	18	38	8½	8⅜	8½	
9¼	6½	Acme Elect			712	18	7¼	7	7¼	
16	12⅛	Acuson			11	1316	12⅝	12⅜	12½	+¼
22¼	19⅝	Adams Expr	0.48	2.3		34	21⅛	21	21	-⅛
55	45½	Ad Micro	3.00	5.6		424	53⅛	52¼	53⅛	-⅛
26	17⅝	Ad Micro P	3.00	12.2	10	4483	24¾	24	24⅝	
7¾	5½	Advest Grp	0.16	2.2	14	167	7⅜	7¼	7¼	
49⅜	41⅛	Aegon ADR	1.35	2.9	8	339	47	46⅝	46¾	-⅜
53⅜	43⅜	Aetna Lf	2.76	5.4	105	1336	51	50	50¾	+⅜
14½	11½	Affil A	0.26	2.1	30	803	12⅜	12¼	12¼	
38⅞	33	Aflac	0.44	1.2	16	4008	u38	36½	37⅞	+1⅝
22⅛	17¼	Ahmanson	0.88	4.5	9	2672	19⅞	19⅝	19⅝	-⅛
7¾	4⅝	Aileen Inc			18	181	5¼	4¾	5⅛	+⅜
48½	40⅜	Air Pr Chm	0.86	2.0	17	3623	43	41½	42⅜	-⅝
23⅞	18⅛	Airbne Fri	0.30	1.3	201	775	u24¼	23½	24⅛	+⅜

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Continued on next page

هكتامن الأصل

4 pm close April 14

NYSE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close

Continued from previous page

- S -

1993 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
22	17¼	S Anita Rt	1.38	7.5	27	183	18¾	18⅛	18⅛	-⅜
20¾	17	SCOR US Cp	0.32	1.7	48	11	19¼	19¼	19¼	
25½	20	SPS Techno	1.28	5.0	18	52	u25⅝	25¼	25⅝	+½
13⅞	12⅞	Sabine Rlt x	2.09	15.1	10	61	u13⅞	13¾	13⅞	
13⅛	8⅞	Safecard	0.10	0.8	16	439	u13⅛	12⅞	12⅞	-½
23½	17	Safeg'd Sc			10	144	19⅝	19	19½	+⅝
24¾	19⅜	SafetyKln	0.36	1.8	25	1749	20	19½	19½	-½
14⅜	10⅞	Safeway			16	344	13⅝	13½	13⅝	
3	2	SafewayW96				135	2¾	2⅝	2¾	+⅛
44½	37½	StJoePaper	0.20	0.5	78	18	40¼	39¾	39⅞	-⅛
37⅝	31	StJosL&P	1.76	4.7	16	6	u37⅝	37½	37⅝	
83¾	75	St Paul's	2.80	3.5	20	324	79⅞	79½	79⅝	-⅛
9⅝	8¼	Salant Crp			4	10	8½	8½	8⅝	
75¼	42½	Sallie Mae	1.20	2.7	10	3512	45½	45	45⅛	
13⅞	13	Salomon Br	0.61	4.5		248	13⅝	13½	13½	
41⅞	35¾	Salomoninc	0.64	1.7	9	956	38⅝	38⅜	38½	-¼
28⅝	23¼	SanDgo G&E	1.48	5.6	14	649	26½	26⅜	26½	
4⅜	3½	SantaFeEDu	0.40	10.3	43	37	3⅞	3¾	3⅞	+⅛
11⅞	9⅛	SantaFeERs	0.16	1.4	162	2011	11⅝	11⅜	11⅝	
38¾	35¾	SantaFePac	2.80	7.2	13	53	38⅞	38⅜	38⅝	
16	12¾	SantaFeStn	0.10	0.6	45	2428	15⅝	15⅜	15½	-⅛
31¼	24¾	Sara Lee	0.58	2.2	19	7936	26¾	26	26⅛	
46½	40⅛	Scana Corp	2.74	5.9	16	2087	46¼	45¾	46¼	+⅜

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AMEX COMPOSITE PRICES

4 pm close April 14

[illegible]

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Chmbrs A	0.01	25	573	4⅛	4	4$\frac{1}{16}$	+$\frac{1}{16}$
Chambers		5	106	4⅛	4	4$\frac{1}{16}$	-$\frac{1}{16}$
Champion		24	473	u19⅛	17	17	-1½
Chiles		1	281	u3$\frac{7}{16}$	3⅛	3$\frac{3}{16}$	-$\frac{1}{16}$
Gulf Cda	0.34	2	783	3⅝	3½	3$\frac{9}{16}$	-$\frac{1}{16}$
Hasbro	0.24	16	1369	32⅞	32½	32¾	+⅛
NV Ryan		4	100	⅝	[illegible]	[illegible]	-$\frac{1}{16}$
Odetics A		73	2	7⅜	7⅜	7⅜	
Xytronix		6	48	7½	7	7⅛	-⅛

NASDAQ NATIONAL MARKET

4 pm close April 14

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng

- A - … - Z -

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AMERICA

Corporate earnings lend support to Dow

Wall Street

US share prices were mixed in moderate trading yesterday morning as more companies reported their first quarter earnings, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was up 14.59 at 3,458.62. The more broadly based Standard & Poor's 500 was down 0.21 at 449.01, while the Amex composite was up 0.06 at 420.57. The Nasdaq composite put in the worst performance, falling 1.27 to 672.56. Trading volume on the NYSE was relatively light at 150m shares by 1 pm, and rises were running almost neck and neck with declines at 916 to 848 respectively.

In the absence of fresh economic data, and with Treasury prices mostly flat, equity investors looked to quarterly corporate earnings for a lead. Although the reporting season has only just got under way, the early indications are that first quarter profits will be in line with, or slightly better than, analysts' forecasts, with a few notable exceptions.

A good set of first quarter reports is vital to ensure that stock market sentiment remains positive. Recent economic figures, if anything, have indicated that the pace of the recovery may be slowing down. This may be good news on the inflation front, but it suggests that corporate earnings, which have been steadily improving over the past year, might tail off later in 1993.

Among the day's biggest stories, companies which make well-known consumer products ran into selling after Procter & Gamble announced late on Tuesday that it planned to slash prices on its most popular brand of disposable diapers. Coming on the heels of Philip Morris' recent decision to cut prices on its famous Marlboro cigarette brand, the Procter & Gamble move revived fears that competition for consumer loyalty could hurt once seemingly price-insensitive brand-name products.

Procter & Gamble shares fell more than $1 at the opening, before recovering to stand unchanged at $48. Other consumer stocks, however, failed to rally. Colgate-Palmolive was down $¼ at $61⅝, Gillette was $1¼ lower at $55¾, RJR Nabisco slipped $¼ to $5¾ (a new 52-week low for the stock), and Kimberly-Clark, which is Procter & Gamble's main competitor in the disposable diaper market, dropped $2¾ to $50⅝.

PaineWebber firmed $¾ to $28 after the big securities house reported record pre-tax first quarter income of $116.2m. Other brokerage stocks were also firmer, with Merrill Lynch up $⅝ at $77, Morgan Stanley $¾ higher at $65⅝, and Bear Stearns up $½ at $20⅝.

Hotel stocks were mixed on earnings news. Marriott firmed $⅝ to $26¼ after reporting a sharp rise in net income to $49m, while Hilton fell $1½ to $46½ after reporting essentially flat first quarter profits.

Digital Equipment jumped $2½ to $42⅜ in volume of 1.3m shares on news that losses at the computer manufacturer had narrowed from $311m in the fiscal third quarter last year to just $30m.

Canada

TORONTO was mixed in moderate midday trading with higher gold shares offset by weakness in utilities and oil and gas issues. The TSE 300 index slipped 0.24 to 3,264.60 in turnover of C$240m.

American Barrick Resources rose C$¾ to C$23⅞ as bullion futures were fuelled by speculative buying linked to political tensions in South Africa.

Cott, the bottling company, fell C$1 to C$46¾ after several days of gains which followed the company's fourth quarter earnings figures.

ASIA PACIFIC

Hang Seng surges 5.8% to record close

Tokyo

EQUITIES settled lower as institutional investors and dealers took profits in the afternoon amid active trading, *writes Wayne Aponte in Tokyo.*

The Nikkei average retreated 206.91 to 20,533.38 after a high of 20,874.71 and a low of 20,470.33. The broader Topix index of all first section issues shed 15.96 to settle at 1,592.80 and, in London, the ISE/Nikkei 50 index rose 3.6 to 1,260.88. Most investors remain bullish, and describe the decline as a temporary break.

Volume was estimated at 850m shares, compared with Tuesday's 784.6m.

Advances edged declines by 539 to 535, with 121 issues unchanged. The Nikkei average is expected to retain its upward trend until it reaches 21,500, which is seen as a resistance level by some chart analysts.

Beyond this level, said Mr Yuichi Matsushita, senior market strategist at Nikko Securities, selling pressure is likely to come from Japanese corporations which invested in tokkin funds, or specified money trusts, which declined in value last year. Companies, including leading trading houses, are also said to be offloading their "zaiteku" or financial engineering investments.

Large capitalisations stocks lost ground with Nippon Steel, the day's most active issue, easing Y7 to Y402.

Nippon Telegraph and Telephone lost Y30,000 to close at an intraday low of Y1.04m.

The financial sector suffered broad losses on profit-taking: Sakura Bank shed Y70 to Y1,440, Industrial Bank of Japan slipped Y60 to Y2,640 and the Bank of Tokyo declined Y30 to Y1,310.

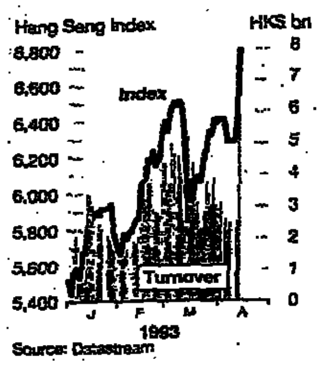
Profit-taking also pushed the export sector lower with Sony declining Y20 to Y4,980 and TDK settling down Y20 to Y4,100.

In spite of the session's losses, the government's plan to strengthen its telecommunications infrastructure gave a boost to Tamura Electric Works, the telecom equipment maker, which gained Y50 to Y794.

Suzuki Motor benefited from motorcycle demand in China, finishing Y12 higher at Y986.

In Osaka, the OSE average rose 39.72 to close at 22,153.10 in volume of 39.4m shares.

Hong Kong



Source: Datastream

Roundup

SENIOR Pacific Rim markets turned in record performances. Bombay was closed for a holiday.

HONG KONG surged to a record closing high, with investors taking the view that a resumption of Sino-British talks on the colony's future was nothing but good news.

The Hang Seng index rose 371.53 or 5.79 per cent to finish at 6,789.74, after an intraday peak of 6,805.66. In subsequent London trading, prices closed at the equivalent of a further 50 point rise in the index.

Hong Kong turnover was also at a record, reaching HK$7.7bn, compared with a previous high of HK$6.4bn set last May.

Mr David Bates of Asia Equity in London believes that the market is now poised to breach the 7,000 level on the Hang Seng, and that a successful conclusion to the Beijing talks would take the index up to 7,200.

Among blue chips leading the rise, Jardine Matheson rose HK$7, or 15 per cent, to HK$55. The British-controlled trading group has lagged behind the market since Beijing criticised it late last year for supporting the governor's democratic reform drive. HSBC Holdings was the most active stock, adding HK$4 to HK$73.50 while Cheung Kong, the property group, rose HK$1.20 to HK$23.70.

AUSTRALIAN stocks finished at a three-year high with the All Ordinaries index adding 15.7 to 1,704.4 in turnover of A$310.1m.

Hong Kong's strong showing provided some stimulus while metal stocks came to the fore on hopes that Japan's economic recovery package would improve demand. Among mining stocks, MIM gained 7 cents to A$2.24 and BHP climbed 14 cents to A$15.08.

SINGAPORE closed higher in record volume of 431.79m shares. The Straits Times industrial index rose 15.10 to 1,708.61 in brisk trading of Malaysian shares.

SEOUL, however, saw aggressive profit-taking across the board after the recent bull run and the composite index fell 15.60 to 704.92 in turnover of Won887bn.

The mood was unsettled by the resignation of the president's top aide which triggered concern that discontent in the ruling party might lead to political unrest.

EUROPE

Sentiment varies as Swiss exporters decline

MOODS varied among bourses yesterday, as strategists continued to look for a new theme after the strong European performance in the first quarter, *writes Our Markets Staff.*

ZURICH was led lower by exporters in response to the weak dollar. The SMI index shed 16.10 to 2,165.7 with the fall limited by a firm financial sector, still hoping for lower interest rates.

"The decline does seem to be rather an over-reaction to the weaker dollar," said Miss Felicity Smith at Hoare Govett in London. "But trading volume was fairly low, which may indicate that prices were being marked down by local traders rather than as a result of institutional selling."

Among exporters, Ciba-Geigy bearers, SFr10 lower at SFr637, were actively traded. Analysts suggested that the fall had more to do with currency considerations than the group's announcement of a 4 per cent fall in first quarter sales.

Sandoz, the chemical and pharmaceutical group, shed SFr40 to SFr2,910, the uncertain outlook for US sales continuing to weigh on the shares. Nestlé, still suffering from US doubts about the value of brands, saw its bearers fall SFr20 to SFr1,145.

PARIS took time off after Tuesday's strong performance, although leading banks shaved 25 basis points off base rates following an easing in the repo rate. The CAC-40 index eased 2.65 to 2,015.43 in turnover of FFr2.06bn.

There were mixed feelings in the financial sector, with Paribas gaining FFr1.40 to FFr426.20 and Société Générale losing FFr4 to FFr640.

Lyonnaise Dumez lost FFr2.00 to FFr486.70 after reporting lower 1992 profits and plans for a capital increase for its construction division later this year.

FRANKFURT saw its post-holiday torpor evaporate a little around the construction sector, although the statements which provoked this were a few days old.

Turnover fell from DM4.7bn to DM4bn as the DAX index rose 1.39 to 1,672.44. Mr Michael Geiger at NatWest Securities pointed to a positive statement on housing development from Germany's construction minister. Meanwhile, Philipp Holzmann, up DM17 to DM1,074, was also lifted by a good interim report; and a leak that forthcoming results will be better than expected left Heidelberger Zement DM35 higher at DM1,090.

AMSTERDAM witnessed another startling performance from Begemann, the industrial conglomerate, which put on nearly 20 per cent to close Fl 8.50 higher at Fl 51.50. Analysts could cite no particular reason for the rise, although some short covering was noted. The CBS Tendency index gained 0.6 to 109.2.

MILAN marked time in largely technical trade ahead of the end of the account on Friday and as options contracts expired yesterday. The Comit index dipped 0.70 to 512.31 as volume declined ahead of this weekend's political reform referendum.

Fiat, planning temporary lay-offs next month in response to sluggish sales, fell L59 to fix at L6,261 before L6,270 after hours.

Among privatisation candidates, banks were easier but Sme, the foods group, picked up L156 to L6,130 as employees, protesting against the sell-off, ended their occupation of the group's headquarters allowing managers to collect together the information necessary for the auction.

Mondadori, Italy's largest publisher, rose L100 to L10,900 after reports that Mr Silvio Berlusconi's Fininvest is considering the merger and flotation of its main publishing activities.

VIENNA lost 1.2 per cent with the ATX index closing down 9.33 at 779.86.

COPENHAGEN was encouraged by hopes of a cut in the domestic repo rate and the KFX index gained 1.40 or 1.8 per cent to 83.51. Unidanmark led the risers with a rise of DKr12 or 8.3 per cent to DKr157.

DUBLIN continued its upward career with the ISEQ overall index rising another 21.15 to 1,572.51.

FT-SE Actuaries Share Indices

April 14 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1158.97	1159.22	1160.35	1160.35	1160.33	1160.83	1159.90	1160.63
FT-SE Eurotrack 200	1223.09	1220.94	1222.77	1226.41	1224.13	1224.36	1224.07	1223.50

	Apr 13	Apr 8	Apr 7	Apr 6	Apr 5
FT-SE Eurotrack 100	1157.54	1151.40	1144.38	1147.43	1136.15
FT-SE Eurotrack 200	1220.72	1211.28	1206.25	1210.05	1202.24

Base value 1000 (26/10/90) High/day: 100 - 1161.37; 200 - 1226.41 Low/day: 100 - 1158.46 200 - 1220.88.

SOUTH AFRICA

JOHANNESBURG marked gold shares down in relatively thin trade, anticipating US selling after yesterday's mass stayaway. The gold index lost 51, or 4.2 per cent, to 1,167 in spite of a stronger gold price and a weaker financial rand. The overall index was 31 points lower at 3,498 with industrials, finding support from rand-hedge shares, losing only 13 to 4,340.

Bermuda plans focus on Hong Kong and insurers

Much play is being made of its possibilities as an offshore equity market, writes Richard Lapper

Financiers in the tiny island of Bermuda are moving ahead with plans to upgrade operations at the local stock exchange, in a bid to establish a new centre for international equity trading.

Local banks, which still own the exchange, are hoping to develop the island as a shadow of the Hong Kong stock market, taking advantage of the fact that over 100 Hong Kong companies have already registered there.

Much play, too, is being made of the island's possibilities as a centre for trading in the shares of new offshore international insurance companies, which have made their domicile in Bermuda in recent years.

"We would be the only international offshore stock exchange in the western hemisphere," says Mr Charles Vaughan-Johnson, executive vice-president at the Bank of Bermuda. "You can see the potential if it becomes fully modernised. For those who don't want to be in Luxembourg [a rival international centre] it will have enormous appeal."

Mr Vaughan-Johnson's vision is an ambitious one. Only 26 equity issues (including common and preference shares), and four note and bond issues are currently traded on the exchange. Over a dozen other mutual funds are listed but not traded. Capitalisation amounts to a respectable $802m according to Mr Bill Dolan, a manager at the Bank of Bermuda, who has been co-ordinating the modernisation effort.

But a handful of stocks, notably the Banks of Bermuda and Butterfield, Bermuda Telephone and Bermuda Electric Light, account for the lion's share. The two banks alone have a capitalisation of more than $185m between them.

Nevertheless the banks are optimistic and can point to real progress in the last few months. In February this year Bermuda finally scrapped its system of weekly trading. This had centred on the "open cryer" method involving the three banks that own the exchange: the Banks of Butterfield and Bermuda, and the smaller Bermuda Commercial Bank.

Local banks are hoping to develop the island as a shadow of the Hong Kong stock market, taking advantage of the fact that over 100 Hong Kong companies have registered there.

Each Tuesday three numbered ping pong balls were drawn by bank representatives to establish the order in which they would make their bids that week.

The banks are still the only members but screen-based trading, conducted over the telephone, was introduced on February 24, with the index rebased to 1,000. Two months on the index has dipped to 982.69, with trading generally within a narrow range.

Mr Dolan is currently reviewing the exchange's constitution, with a view to establishing a new incorporated entity, easing membership rules and bringing the exchange within the supervisory authority of the Bermuda Monetary Authority.

Immediate objectives include efforts to persuade managers of over a hundred mutual funds currently registered in Bermuda to list on the exchange. In the medium term Mr Dolan is aiming to introduce an electronic settlement system, in order to increase efficiency.

In the long-term, however, prospects are closely linked to the island's future as the favoured offshore centre for both Hong Kong companies and the insurance business.

Jardine Mattheson, the trading company, was one of the first Hong Kong companies to register in Bermuda in 1984, and some 130 Hong Kong companies have followed suit. More recently the growth of a number of offshore insurance and reinsurance companies has opened up another opportunity.

Since 1985 three companies which between them have net assets of over $2bn have been established in Bermuda. Of these, ACE and EXEL were originally owned by the large US corporations whose liability risks they insure, but both have launched successful share issues in New York within the last two years while a third, Centre Re, is planning to follow suit. Within the last six months two more companies – Mid Ocean and Underwriting Capital (Merrett) – have also been formed in Bermuda, and more new ventures are expected.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY APRIL 13 1993								MONDAY APRIL 12 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (68)	141.75	+2.4	134.80	101.56	116.37	131.47	+1.6	3.76	138.45	132.69	98.72	114.70	129.34	141.75	117.39	143.87
Austria (18)	147.51	+2.1	140.28	105.69	121.09	121.26	+0.7	1.87	144.43	138.42	102.98	119.65	120.38	150.95	131.16	166.25
Belgium (42)	156.76	+2.1	149.07	112.31	128.68	125.44	+0.1	4.57	153.60	147.21	109.51	127.25	125.32	156.76	131.19	137.38
Canada (110)	122.64	-0.1	116.63	87.87	100.67	111.89	-0.2	2.97	122.77	117.66	87.53	101.70	112.07	125.97	111.41	129.95
Denmark (33)	211.46	+1.3	201.10	151.51	173.59	174.36	+0.4	1.32	208.69	200.01	148.81	172.89	173.73	211.46	185.11	231.61
Finland (23)	83.93	+2.1	79.82	60.14	68.90	99.30	+0.4	1.25	82.17	78.75	58.59	68.08	98.93	83.93	65.50	74.63
France (98)	167.36	+1.8	159.16	119.91	137.38	140.19	+0.8	3.20	164.34	157.50	117.17	136.13	139.07	167.36	142.72	156.26
Germany (62)	116.86	+1.8	111.14	83.74	95.93	95.93	+0.9	2.21	114.74	109.97	81.83	95.06	95.06	116.86	101.59	119.29
Hong Kong (55)	256.53	+2.1	243.96	183.80	210.60	254.66	+2.1	3.63	251.30	240.85	179.18	208.20	249.48	262.08	218.82	203.18
Ireland (15)	169.33	+3.4	161.03	121.33	139.01	154.33	+2.5	3.43	163.78	156.97	116.78	135.69	150.53	169.33	129.28	158.43
Italy (73)	63.47	+2.3	60.36	45.48	52.10	72.19	-0.1	2.78	62.04	59.46	44.23	51.40	72.28	64.28	53.78	70.17
Japan (470)	141.84	+3.0	134.89	101.63	116.45	101.63	+3.5	0.82	137.71	131.98	98.19	114.10	98.19	141.84	100.75	95.73
Malaysia (69)	293.40	-0.5	279.02	210.21	240.85	291.37	-0.5	2.30	294.83	282.56	210.21	244.25	292.73	294.85	251.66	228.85
Mexico (18)	1667.12	+0.3	1585.41	1194.50	1368.57	5648.67	+0.4	1.06	1661.71	1592.58	1184.84	1376.66	5623.99	1725.81	1410.30	1676.89
Netherland (24)	172.75	+1.1	164.28	123.77	141.81	139.91	+0.2	3.91	170.79	163.69	121.78	141.50	139.60	172.75	150.39	152.66
New Zealand (13)	46.77	+0.7	44.47	33.51	38.39	45.86	+0.5	4.77	46.44	44.51	33.11	38.47	45.64	47.03	40.56	43.02
Norway (22)	158.26	+1.1	150.51	113.40	129.92	144.25	+0.0	1.83	156.52	150.01	111.61	129.67	144.18	158.26	137.71	167.25
Singapore (38)	228.08	-0.1	216.91	163.42	187.24	170.49	-0.2	1.97	228.28	218.79	162.77	189.12	170.82	231.24	207.04	197.91
South Africa (60)	168.73	-4.9	160.46	120.89	138.51	173.52	-2.0	2.90	177.50	170.12	126.56	147.05	177.11	178.48	144.72	224.55
Spain (45)	131.72	+2.0	125.26	94.38	108.13	113.76	+1.1	5.33	129.18	123.78	92.10	107.00	112.50	131.72	115.23	149.52
Sweden (36)	165.38	+1.8	157.27	118.50	135.77	181.91	+0.3	1.65	162.52	155.76	115.89	134.65	181.44	168.80	149.70	183.40
Switzerland (56)	121.49	+1.0	115.54	87.05	99.75	108.84	-0.3	2.00	120.33	115.32	85.80	99.70	109.13	121.49	108.91	99.10
United Kingdom (219)	179.22	+1.6	170.43	128.40	147.11	170.43	+0.8	4.05	176.37	169.03	125.75	146.10	169.03	179.22	162.00	184.14
USA (519)	183.44	+0.3	174.45	131.44	150.60	183.44	+0.3	2.77	182.96	175.35	130.46	151.58	182.96	186.27	175.38	167.99
Europe (766)	147.81	+1.7	140.57	105.91	121.35	132.91	+0.6	3.37	145.39	139.34	103.67	120.46	132.07	147.81	133.92	148.80
Nordic (114)	156.84	+1.6	149.15	112.37	128.75	150.59	+0.3	1.66	154.30	147.88	110.02	127.83	150.17	156.84	142.13	171.58
Pacific Basin (713)	145.00	+2.8	137.89	103.89	119.03	107.14	+3.2	1.11	141.00	135.13	100.54	116.82	103.77	145.00	105.89	101.12
Euro-Pacific (1479)	146.03	+2.3	138.87	104.62	119.87	118.22	+2.2	2.05	142.68	136.74	101.73	118.20	115.72	146.03	117.26	119.58
North America (629)	179.66	+0.2	170.86	128.74	147.51	178.59	+0.2	2.78	179.22	171.76	127.80	148.50	178.15	182.38	171.51	165.59
Europe Ex. UK (547)	128.23	+1.7	121.95	91.90	105.29	111.66	+0.5	2.91	126.09	120.84	89.92	104.48	111.09	128.23	112.51	124.40
Pacific Ex. Japan (243)	176.52	+1.6	167.87	126.50	144.93	160.36	+1.3	3.39	173.79	166.56	123.93	143.99	158.29	176.52	152.70	154.15
World Ex. US (1667)	146.39	+2.2	139.22	104.90	120.18	120.03	+2.0	2.07	143.30	137.34	102.19	118.72	117.65	146.39	118.51	122.12
World Ex. UK (1967)	155.77	+1.4	148.13	111.61	127.88	138.43	+1.4	2.18	153.63	147.24	109.55	127.29	134.57	155.77	134.22	132.19
World Ex. So. Af. (2126)	157.88	+1.5	150.14	113.13	129.62	139.24	+1.4	2.34	155.60	149.12	110.96	128.92	137.38	157.88	137.29	136.10
World Ex. Japan (1716)	168.09	+0.7	159.86	120.45	138.01	160.53	+0.4	3.00	166.86	159.92	118.99	138.26	159.87	168.09	157.47	159.50
The World Index (2186)	157.83	+1.4	150.09	113.09	129.57	139.59	+1.3	2.34	155.63	149.16	110.97	128.94	137.76	157.83	137.32	136.67

Latest prices were unavailable for this edition.